JPRS 76155

1 August 1980

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2029

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

JPRS 76155

1 August 1980

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2029

CONTENTS

INTERNATIONAL AFFAIRS

Development of GDR-USSR Cooperation in Merchant Fleet Traffic Cited
(Heinz Rentner; SEEWIRTSCHAFT, May 80) 1

Briefs

CEMA Computer Experts Confer 6

BULGARIA

Industrial Output During January-May 1980
(IKONOMICHESKI ZHIVOT, 18 Jun 80) 7

CZECHOSLOVAKIA

Wage Breakdown Under Set of Measures Analyzed
(Ivo Bastyr; PRACE A MZDA, No 5, 1980) 10

Briefs

Record Iron Product 19
Trucks for Afghanistan 19

GERMAN DEMOCRATIC REPUBLIC

Statistics Provided on Transportation System
(PRESSE-INFORMATIONEN, 29 May 80) 20

Measures Required for Safe Agricultural Transportation
(Gerhard Seppelt; PRESSE-INFORMATIONEN, 24 Jun 80) 23

New Price, Subsidy Policies for Agriculture Issued
(Various sources, various dates)...................... 26

West German Commentary
GDR Council of Ministers Resolution

HUNGARY

Economic Relations With South European Region Examined
(Peter Balazs; KULGAZDASAG, May 80)................... 39

Development of National Economic Efficiency Examined
(Janos Juhasz; FIGYELO, 25 Jun 80).................... 50

Economic Results in First 5 Months Viewed
(Ferenc Nyitrai; FIGYELO, 18 Jun 80).................. 57

Experiences With New Price Mechanism Noted
(Laszlo Racz; NEPSZABADSAG, 2 Jul 80)................. 63

Retail Trade, Consumer Goods Shortages Examined
(Eva B. Meizei; MAGYAR HIRLAP, 2 Jul 80).............. 67

Computerization in Ministry of Transportation, Postal Affairs Surveyed
(Geza Takacs; KOZLEKEDESI KOZLONY, various dates).... 70

Problems in Development of Highway Network Examined
(Miklos Breitner; FIGYELO, 25 Jun 80)................. 84

Minister Interviewed on Construction Industry Situation
(Kalman Abraham Interview; NEPSZABADSAG, 15 Jun 80).. 92

POLAND

Bilateral Soviet-Polish Trade Continues To Grow
(Various sources, various dates)...................... 98

Polish Ambassador Comments, by K. Olszewski
Integration Continues, by V. Sorokin
Atomic Powerplant, by Z. Bozhek, A. Polekhin

ROMANIA

Growth of Labor Productivity Necessary for Construction
(Alin Teodorescu; REVISTA ECONOMICA, 6 Jun 80)....... 110

Technology To Increase Efficiency in Machine Building
(Ioan Hera Bucur, et al.; REVISTA ECONOMICA, 6 Jun 80).. 115

First Electronic Process Computer in Operation in Savinesti
(Constantin Blagovici; SCINTEIA, 10 Jun 80).............. 122

YUGOSLAVIA

Financing of Smederevo Ironworks Remains Controversial
(Dragan Jovanovic; NEDELJNE INFORMATIVNE NOVINE, 18 May 80).. 123

Status, Reduction of Food Imports Discussed
(PRIVREDNI PREGLED, 26 Jun 80)............................ 126

DEVELOPMENT OF GDR-USSR COOPERATION IN MERCHANT FLEET TRAFFIC CITED

East Berlin SEEWIRTSCHAFT in German Vol 12 No 5, May 80 pp 215-216

[Article by Dr Heinz Kentner, deputy minister for transportation: "Development of Cooperation in Merchant Fleet Traffic Between GDR and USSR"]

[Text] The 35th anniversary of the liberation of our people from Hitler's fascism by the glorious Soviet Army and the 110th birthday of V.I. Lenin give rise to a brief review of the development of merchant fleet traffic relations between the GDR and the USSR and a discussion of the particulars of the anticipated expansion of these relations scheduled for the period between 1981 and 1985.

During the difficult initial stage of building a socialist merchant fleet traffic industry, Soviet comrades lent valuable assistance--with words and deeds--to the activists of the first hour. Soviet help was available already during the first few months of the postwar period for the reparation of destroyed port facilities in the harbors of Rostock, Wismar and Stralsund, to enable Soviet ships to unload USSR supplies destined for our population. At that time, the GDR-Soviet Transportation Corporation, under the leadership of experienced Soviet comrades, demonstrated remarkable organizational skills.

The Soviet Union provided also effective support for the buildup of a maritime merchant fleet that had become necessary after the establishment of the German Democratic Republic to supply industry, which was in the process of being rebuilt, with imported raw materials by sea--particularly from the Soviet Union. The USSR supplied, for instance, construction designs for the first newly built ships of the young GDR merchant fleet, the steamships "Rostock" and "Wismar" and the motorized cargo-ship "Stralsund."

Between 1958 and 1962, when the GDR was facing the difficult task of transporting considerable amounts of crude oil by sea, the USSR unselfishly supplied five 10,000-ton tankers that had been produced for domestic use. In 1956, in conjunction with the Baltic Shipping Company, the GDR merchant fleet established its first regular route between Rostock and Riga. This route, which today is maintained jointly by the Deutfracht International Charter and Shipping VEB and the Latvian Shipping Company, was converted on

1 August 1979 to the Ro/Ro technology. The modern Soviet Ro/Ro ship, the MS "Netshiporenko," is used by both shipping companies, it travels once a week between Riga and Rostock and opens up new opportunities for expanding and expediting sea transport of piece goods between the USSR and the GDR.

On the basis of rulings and resolutions made by both countries concerning the stabilization and expansion of political and economic cooperation between the GDR and the USSR which are, among other things, firmly established in the friendship treaty of 7 October 1975, bilateral merchant fleet traffic relations were expanded further. Accordingly, the shipping companies of the GDR and the USSR, in part jointly with shipping companies of other socialist countries, are maintaining common route services in the Baltic Sea and the Mediterranean, to West Africa and South America. In addition, freight organizations in the GDR and the USSR are working together closely and successfully with the appropriate establishments of other socialist countries on the tramp shipping market.

This development is in agreement with corresponding regulations in the complex program of socialist economic integration among the member countries of CEMA and an agreement which is based on it and which concerns cooperation in maritime shipping. It was signed in December 1971. The main area of cooperation between the GDR and the USSR in the merchant fleet traffic industry consists of bilateral sea transports which between 1962, the year when the first sea transport protocol with the USSR was signed, and 1979 rose to 145 percent. In 1979, 48.5 percent of the total transports from the USSR--with the exception of pipeline transports--were shipped by sea. The Soviet Union's share of these transports was 44.5 percent, which, as was the case during the preceding years, was a big factor in guaranteeing our imports by sea from the USSR. For 1980, an additional increase is expected, raising bilateral sea transports by approximately 500 kilotons. These good results are simultaneously a testimony to the excellent performance by the participating sailors and dockworkers of both countries.

Initiatives by youth groups in both countries, within the framework of the youth objective "Bridge of Friendship," contributed significantly to more effective work and expeditious ship movements in merchant fleet traffic between the GDR and the USSR. Among the participants are the members of the Rostock FDJ [Free German Youth] Kreis Organization Merchant Fleet Traffic and Dock Industry, including the cooperative partners; on the Soviet side there are the Komsomol members of the Latvian, Lithuanian and Murmansk shipping companies, as well as the ports of Riga, Klaipeda and Murmansk. According to estimates, the cooperation within this youth objective contributed significantly to closer relations with Soviet collectives, a deeper German-Soviet friendship and the organization of mutual support in the spirit of socialist internationalism.

In recent years, specific prerequisites for the successful development of merchant sea traffic relations between the two countries were established, above all, through the conclusion of important documents:

--"Agreement between the GDR Ministry for Transport and the USSR Ministry of Maritime Fleet of 6 April 1973, concerning cooperation in ocean shipping," in which long-range principles for this cooperation were established.

--"Program for intensification and expansion of the cooperation between the GDR Ministry for Transport and the USSR Ministry of Maritime Fleet in the area of ocean shipping between the years of 1976 and 1980." This program established the specific duties of state organs and firms in both countries for the continuing development of bilateral merchant fleet traffic relations.

--"Agreement on the shipment of goods in containers in international, directly combined rail-sea freight traffic between the GDR and the USSR" of 6 June 1976. This agreement, which became effective on 1 July 1977, resulted in considerable organizational improvements and economic advantages for foreign trade through the introduction of a uniform freight document for maritime container traffic with the USSR which facilitated payment and went straight from the sender to the recipient.

--"Agreement between the GDR Ministry for Transport and the RSFSR Ministry, of Inland Fleet on measures for the guarantee and continued development of foreign trade transport on seagoing inland ships between USSR inland ports and GDR harbors for the years 1977 and 1980" of 7 November 1977. Because of this agreement, transports to the GDR using seagoing USSR inland ships were increased last year to more than half a million ton. In this respect, of special significance is the increased use of direct transport routes connecting USSR inland water ports and GDR harbors. It facilitates transport and is economically favorable because it does away with additional transfers of goods in Soviet seaports. In addition, special mention must be made of a direct connection between the Soviet inland port of Asov on the Don and the seaport of Stralsund. It was established in 1977 and covers a distance of 5,057 kilometers (3,777 kilometers on Soviet inland waterways). Approximately 110,000 tons of manganese ore can be transported this way annually.

On the basis of these documents of principles and under participation of the foreign trade ministries of both countries, specific transport tasks are agreed upon in annual transport protocols. Of special benefit have also been political consultations about merchant fleet traffic, questions regarding international merchant fleet traffic are discussed and basic orientations are issued concerning the coordination of activities by both countries in jointly operated route services as well as international shipping organizations, shipping conferences and the tramp freight market.

In addition, scientific-technological cooperation in the area of merchant fleet traffic has proven to be of value. It has been carried out jointly by the GDR Ministry for Transport and the USSR Ministry of Maritime Fleet based on long-term and annual protocols. In this respect, the main emphasis is on working together on technical-technological problems, the solution of which will contribute to the short-term rationalization of transport and transfer processes. In this connection, of special significance are those efforts that are to create possibilities to apply to the seaport of Rostock Soviet experiences gathered during their complex coordination of the activities of all those who are involved in the transport and transfer process at the transport center of Leningrad. Naturally, other important research topics are discussed as well, for instance, questions of environmental protection and ship safety.

The outstanding activities and initiatives of the workers in the merchant fleet traffic industry of both countries must be developed further, competing together in honor of the 110th birthday of V.I. Lenin and the 35th anniversary of the liberation from fascism--among other things, metal transports from the USSR to the GDR must be expanded by using large ships and instituting regularly scheduled service. It is of particular importance during the last year of the current five-year plan, because especially this year, also for merchant fleet traffic between the GDR and the USSR, the prerequisites will have to be established for successful work during the next five-year plan period, from 1981 to 1985.

In accordance with the protocol signed on 5 February 1980 concerning the coordination of economic plans for 1981-1985, the exchange of goods between the two countries during this period, compared with the volume during the 1976-1980 Five-Year-Plan period, will be increased to 130 percent. It is an indication that also in the future the merchant fleets of both countries will have to manage increasing tasks of transportation and transfers, during the process of which the guarantee of foreign trade transports between the GDR and the USSR is of utmost importance for the continuing development of our economy. At the same time, one has to keep in mind that these tasks--and the guarantee of foreign trade transports in general--have to be accomplished under the difficult and complicated conditions of the world market. During the 11th plenary session of the SED Central Committee, Comrade Erich Honecker pointed to these problems which are of utmost significance for the entire economic growth, particularly our foreign trade, and the influence of which on our transportation system is by no means insignificant.

In accordance with this situation and building on the positive experiences of the "program" currently in effect, a new "program for the consolidation and expansion of cooperation between the GDR Ministry for Transport and the USSR Ministry of Maritime Fleet in the area of ocean shipping covering the years between 1981 and 1985" was signed on 1 February 1980 to implement the complex programs of socialist economic integration and the "program of specialization and cooperation in production until 1990" between the GDR and the USSR. This program establishes the main trends of cooperation--on the state level as well as for enterprises--for the various separate areas of merchant fleet traffic for the stated time period:

--Improvement of the planning and management system to increase the effectiveness of labor in the fleet and in ports;

--measures for the guarantee of bilateral sea transports, especially through the use of national fleets;

--improvement of the transport process and transfers in harbors, above all, through the use of special ships;

--development of specialization and cooperation by both countries in regular route and tramp shipping;

--development of cooperation among enterprises and organizations in the GDR and the USSR sea transport industries, especially in the areas of transportation technology and the transfer of piece goods, technical maintenance and repair of ships, development of ports, the technical fleet and the auxiliary fleet;

--coordination of the activities in shipping control, ship security, the piloting system as well as ship surveys and classifications.

This program creates the proper conditions for friendly cooperation with the workers of the Soviet merchant fleet traffic industry to bring about a successful solution, in other words, increased effectiveness and quality, to the big and complicated problems that will be faced by the shipping industry during the next few years.

8991
CSO: 2300

INTERNATIONAL AFFAIRS

BRIEFS

CEMA COMPUTER EXPERTS CONFER--Brno, 9 July (BC)--The fifth session of the working group for computer technology in trade, attached to the conference of the ministers of trade of the CEMA member countries, has been going on in Brno since this Monday [7 July]. The session is dealing with problems of automated management systems in the member states in the spheres of goods turnover, economic operational data, registration of personal data [personalistika] and material-technical supplies. It is also dealing with problems connected with working out the principles of a project for the automated management of a wholesale warehouse, the utilization of minicomputer terminals in electronic cash registers, the building up of a data bank, dialog systems and a number of other tasks lying within the framework of the building of a unified management data system in the sector of domestic trade. The negotiations, which will end on Friday, 11 July, are attended by delegations from Bulgaria, the CSSR, Cuba, Hungary, the GDR, Poland, Romania and the Soviet Union. In the negotiations the Czechoslovak delegation is implementing the conclusions of the 15th CPCZ Central Committee session of further raising the standards and efficiency of political-educational and ideological work, particularly in materializing the long-term target cooperation programs up to 1990. [BC] [Text] [AU111228 Prague RUDE PRAVO in Czech 10 Jul 80 p 2]

CSO: 2020

INDUSTRIAL OUTPUT DURING JANUARY-MAY 1980

Sofia IKONOMICHESKI ZHIVOT in Bulgarian 18 Jun 80 p 4

[Report by the Committee for the Unified Social Information System: "Industry in the Bulgarian People's Republic in the January-May 1980 Period"]

[Text] The plan for the sale of commodity output in May was fulfilled 106.4 percent; the plan for the first 5 months of the year was fulfilled 99.4 percent.

The May industrial output was 4.1 percent higher than that of May 1979. For the January-May period output rose 4.3 percent.

The production of basic industrial goods rose.

Comment

In May the economic organizations and industrial branches fulfilled their assignment for the production and marketing of output. The production of marketable goods was 0.3 percent higher than planned, while the marketing plan was exceeded 6.4 percent. For the first 5 months of the year the plan for marketable goods was fulfilled 101 percent and for goods marketed, 99.4 percent.

The branches of the following state economic organizations overfulfilled their January-May plans: Farmakhim, Ship Building, Hydraulics, Vinprom, Bulgarplod, Construction Ceramics and Effective Materials, Pamukoteks Economic Combine, Petrochemical Combine in Burgas, Lenin Economical Metallurgical Combine in Pernik, Gorubso Economic Copper Production Combine in Madan, and many others.

The balance for the production of the predominant part of particularly important goods in the first 5 months of the year was positive. This creates conditions for the normal development of resources and for delivering them to the national economy. In turn, this is a prerequisite for the rhythmical implementation of planned assignments by other production or trade units.

а	1) Мярка 1	2) Произведена продукция през 3) май 2	4) януари–май 3	Януари–май 1980 г. в % към януари–май 1979 г. 5) 4
6) Електроенергия	млн. квтч 37)	2981	15121	103,3
7) Каменни въглища	хил. т 38)	2474	10745	103,0
8) Брикети	хил. т	130	613	114,0
9) Валцувани черни метали	хил. т	257	1256	100,1
10) Горещо валцувана ламарина	хил. т	109	505	106,2
11) Ламарина с пластмасово покритие	хил. т	1,2	6,0	105,5
12) Стоманени тръби	хил. т	30	101	106,2
13) Електроинструменти	хил. бр. 39)	24	110	105,1
14) Стругове	брой 40)	786	3736	117,2
15) Електротелфери	брой	4827	46033	134,3
16) Електрокари	брой	3246	20757	99,9
17) Мотокари	брой	1732	9175	110,2
18) Калцинирана сода	хил. т 38)	132	620	109,6
19) Азотни торове	хил. т	66	321	118,0
20) Полиетиленово фолио	хил. т	1,4	7,8	130,4
21) Химически влакна и коприна	хил. т	8,9	40,0	107,9
22) Цимент	хил. т 39)	464	2129	96,6
23) Керемиди и тухли	хил. бр.	7618	28161	102,2
24) Плочи от дървесни частици и други 25) дървесни плочи	хил. м³ 41)	20	128	107,5
26) Хартия	хил. т	25	121	101,2
27) Плоско стъкло	хил. м² 42)	2206	11600	107,3
28) Домакинска стъклария	хил. лв. 43)	2293	11760	128,7
29) Фаянсови плочки	хил. бр.	21402	103341	157,3
30) Домакински порцелан	хил. лв.	3014	15015	129,2
31) Вълнени платове	млн. м 44)	3,1	15,9	111,6
32) Копринени платове	млн. м	2,8	13,9	105,5
33) Горно трикотажно облекло	млн. бр.	3,3	16,7	112,2
34) Месо	хил. т	33,7	169,5	99,0
35) Растителни хранителни масла	хил. т	12,6	73,8	135,1
36) Тютюневи изделия	хил. т	7,0	33,1	101,2

Key:
1. Measure
2. Goods produced in
3. May
4. January-May
5. January-May 1980 in percentage of January-May 1979
6. Electric power
7. Coal
8. Briquettes
9. Rolled ferrous metals
10. Hot rolled steel sheets
11. Plastic-lined steel sheets
12. Steel pipes
13. Electrical instruments
14. Lathes
15. Electrical hoists
16. Forklift trucks
17. Gas operated lift trucks
18. Calcinated soda
19. Nitrogen fertilizers
20. Polyethylene foil
21. Chemical staples and fabrics
22. Cement
23. Bricks and tiles
24. Pressed wood and other tiles
25. Wood panels
26. Paper
27. Pane glass
28. Household glassware
29. Porcelain tiles
30. Household porcelain goods
31. Woolen fabrics
32. Silk fabrics
33. Upper knitted clothing
34. Meat
35. Vegetal food oils
36. Tobacco products
37. Million kilowatt hours
38. Thousand tons
39. Thousand pieces
40. Pieces
41. Thousand cubic meters
42. Thousand square meters
43. Thousand leva
44. Million meters

At the same time, the results of the January-May period showed a lagging in the implementation of some planned assignments. This applies, for example, to the marketing of goods by a small number of subunits and economic organizations. As a result of the nonfulfillment of the commodity output plan, its delayed delivery and the unrhythmical nature of the production process (in a number of areas about one-half of the entire monthly output is produced and shipped in the last 10 days of the month), and for some other reasons, the five month indicators were not met by the Committee for Casting and Plastic Processing of Metals, the Elprom and Resprom DSO [State Economic Trust], the Glassware and Fine Ceramics SO [Economic Trust], the Silk Textiles SK [Economic Combine], the Mladost DSO, and others.

A lagging occurred also in the production of some important items such as pig iron, ferroalloys, phosphorous fertilizers, chemical staples and fabrics, lathes, cement, lumber, cellulose, and others. A study of the reasons for such nonfulfillment indicates that, once again, they are due to some old recurring weaknesses. Contractual discipline governing supplies of raw and other materials is violated; deadlines for cooperative supplies are not observed; irregularities in some machines and equipment are allowed as a result of which they are not used at full capacity throughout the working time. The positive results achieved in May in production and marketing insured the rhythmical implementation of the annual task for this month. Now it is necessary to retain this work rhythm while, at the same time, improving even further the organization and maximally using the existing reserves for surmounting the lagging in the implementation of planned assignments. Particularly important in this respect is to insure everywhere conditions for the rhythmical implementation of assignments on an hourly, shift, and workday basis.

5003
CSO: 2200

CZECHOSLOVAKIA

WAGE BREAKDOWN UNDER SET OF MEASURES ANALYZED

Prague PRACE A MZDA in Czech No 5, 1980 pp 228-234

[Article by Eng. Ivo Bastyr, Federal Ministry of Labor and Social Affairs: "Improving Effectiveness of Wages in the Set of Measures for an Improved System of Planned Control"]

[Text] The Set of Measures for an Improved System of Planned Control of the National Economy After the year 1980, adopted by the Presidium of the Central Committee of the CPCZ and the government of the CSSR, is the center of attention for management personnel, economists, party officials, labor unions and other social organs and organizations. An intensive program of familiarization, study, explanation of key approaches and intents contained in the document is under way; concentrated effort is developed to put it in concrete form and make preparations for its implementation.

It is obvious that explanation of its contents, specification and gradual implementation of the Set of Measures as a whole and its partial intents will be constantly recurring in discussions, proceedings and in the press.

Today's article has the objective of clarifying the basic intents contained in the Set of Measures in the sphere of remuneration and material incentives and report on the initial steps taken to further specify it and outline the envisioned sequence of preparations for its gradual implementation.

I.

Improvement of the economic effectiveness of remuneration is of substantial importance to the process of improving the system of planned control; the basic orientation of measures regarding wages is to make remuneration of each collective or of each individual fully dependent on the results of labor and their contribution to the good of society.

The specific character of measures dealing with wages is based primarily on a critical assessment and generalization of experiences with the current effectiveness of both the system of channeling (formation) of remuneration resources and the system for devising wages for individual workers and collectives (wage system)--particularly in the course of the Sixth Five-Year Plan, and further, on the requirements placed on material incentives by tasks and conditions of economic development in the course of the Seventh Five-Year Plan and the overall outlook of the eighties; in devising proposals, much attention is paid to making them compatible with other sectors and means in the mechanism of management--in planning, finances, prices, foreign exchange, technoscientific progress, reproduction of basic resources, etc.

In the area of channeling means of remuneration in production and material services, the guiding principle is to visibly enhance and largely orient material interests of organizations and work collectives on effectiveness, quality and economy of all expended labor and, at the same time, exert pressure for rational economy af human labor.

Orientation of material incentives in these two directions can be implemented in such a way that formation of remuneration resources will take place in two stages. This basic approach follows up the experience with previous systems of wage policy in our own country and in the approaches used in the USSR and other CEMA countries; however, the thematic contents, proportions and relations of both components constituting remuneration resources are different from those still generally applied in the Sixth Five-Year Plan--arrangement of the entire mechanism is based on experiments with efficiency and quality control, and use is made of experience gained in the course of 1978 and 1978 in economic production units that participated in the experiment.

At the basic management level, wage funds are divided into the basic component, which represents approximately 80 percent of the total payroll range and essentially corresponds to basic wages (to include task wage premiums), extra and supplementary pay, wage compensation and other personnel costs, and the incentive component which constitutes about 20 percent of wage funds and essentially includes bonuses, rewards and shares in the economic results all the organization's personnel.

Orientation toward effectiveness, quality, economy and human labor savings is attained by assigning the basic wage component to basic elements of management primarily in relation to adjusted own output or another indicator better reflecting the consumption of human labor (in specific instances the basic component will be assigned without regard to economic indexes), and by having the incentive component bound to profitability indexes (rentability of production resources or production factors), or, in the case of basic elements that figure prominently in exports, on indexes reflecting the effectiveness of exports (in specific cases other suitable indexes of economic results may be resorted to).

Implementation of the above-mentioned structure of wage components and their basic bonds with indexes of economic results should produce intensive pressure on improving the productivity of human labor and better utilization and savings of raw and other materials and energy; dependency of wages on the level of overall economic effectiveness (expressed in terms of profitability) will increase by several multiples (up to now it was just the bonus and rewards fund that depended on overall effectiveness-representated by the amount of profits--amounting to an average of 4 percent of total payroll resources).

Use of indexes of own output and profitability tends to upgrade the requirements on determining the amount of payroll resources; attained results will become reflected in the generation of payroll resources with greater intensity. Decreases in the available amount of payroll resources will become particularly evident whenever planned quota indexes are not met; claims against the flexible component of payroll resources cease when results lag behind anticipated quotas (in the year's plan of a five-year plan, actually the annual plan) by 15 percent. This will enhance the stimulative effects of the means employed, leading to higher differentiation of the extent of resources according to the attained results and, simultaneously, make it necessary that setting of planned tasks be balanced and that payroll resources are administered responsibly. The tie between wages and attained results must be made to permeate intrasector and intraplant control systems and material incentives; this involves a creative transformation of indexes of own output and profitability into criteria reflecting the contributions made by individual units toward improving overall effectiveness and rational economy of human labor; this regards primarily indexes reflecting the extent of production and the level of labor productivity in constant wage or work units, cost indexes, indexes of savings of raw and other materials and energy, utilization of fixed assets, etc.

Indexes of own output and profitability--as no other complex index--can reflect all the facets of economic result ; they can even introduce some distorting elements (e.g., selection of production programs according to the level of rentability in regard to wages). Thus, it is envisioned that application of material incentives coupled with responsibility will lead to providing for the interests and needs of society in the assortment of production, its quality, technical level, and effective foreign exchange. The following approaches are under consideration:

a) Make potential increases in the extent of basic and incentive components of payroll resources dependent on exceeding the planned quota of own output and profitability by adhering to the planned market structure (in industry by supplying the market in all its sortiments, in construction by completing key construction projects) or completion of key thematical tasks of the plan (in other sectors);

b) subtracting amounts representing losses due to poor quality production (work) from the actual level of own output and profits, basically to the extent as it is applied in 1980 (evidence keeping of inferior outer quality and excess of internal rejects beyond prescribed limits);

c) an independent system of supplementing or cutting short of payroll resources (bonus and rewards fund) in relation to technical level and quality of products and services (to include making available new fashions and luxury products), interest breaks and penalties, and transfers of resources from the fund for material stimulation of exports; it is anticipated that at basic management levels the maximun possible increases in the bonus and rewards fund will be limited to a given percentage of the available amount of payroll resources.

It is envisioned that in the course of the Seventh Five-Year Plan some measures, which are still being used without regard to results being actually attained, will be done away with in order to control growth of average wages beyond the provisions of the plan; this could facilitate average wage increases in relation to increments in labor productivity when completing tasks with a smaller number of personnel. The term for doing away with the still-applied measures depends on conditions, particularly as regards wholesale prices.

Both components of payroll resources--basic and incentive--will be evolved independently according to predetermined criteria; there will be no administrative obstacles between the components in utilization of generated resources.

Fundamental changes are being made in the functioning of the bonus and rewards fund; it plays in essence the role of a reserve which will be used to compensate differences between generation of payroll resources given by the results of the efforts of the basic element of management (organization) as a whole, and the wage requirements of work results attained by partial collectives and individuals. Thus, no obligatory determination is made in regard to the extent of the bonus and rewards fund, but it is given by the difference between the overall available amount of payroll resources (both components) and the amount used to satisfy the wage requirements of individuals. The bonus and rewards fund will be supplemented, or cut short, according to the above-mentioned independent modifications of stimulation (quality of production, exports, etc.).

Another basic principle for channeling payroll resources is enhanced stimulation of expedient, systematic and planned mobilization of internal reserves. In this respect it is primarily envisioned that the relation between the amount of payroll resources and criterial results will be determined for the entire five-year plan in yearly increments. There will be a simultaneous implementation of the principle for encouraging acceptance of a more progressive annual plan within the five-year plan as opposed to exceeding a less challenging plan by applying a lower (by half on the average) share of payroll resources to results in excess of the plan.

Intensive dependency of payroll resources on the results attained by an organization thus creates pressure for higher efficiency and systematic orientation of remuneration of work groups and individuals toward effectiveness, quality and overall production growth. The wage system will be adjusted to pursue this objective with the intent to enhance its stimulative effects on key tasks of economic development; at the same time, continued recourse will be made to the wage system implemented in economic sectors during streamlining of operations and wage systems.

The focus of efforts to improve the effectiveness of the wage system will in the near future shift to the sphere of incentive type wage forms with the objective of more effectively stimulating development of work initiative and providing an optimum relation between the measure of work and remuneration for same. Wage forms must in future years become the focus of attention by leading personnel, labor economy experts and labor unions at all levels of management. We must strive to make incentive systems help discover reserves for enhanced labor productivity, quality production, lowering the consumption of materials, energy and fuels, carrying out of tasks of technical development and capital construction, etc. Promulgation of the effectiveness of the wage system must be closely connected with expanding and improving the quality of the prescriptive base, improving direct production control, consolidating work and wage discipline; of particular importance is alleviation of tensions between sources of labor and work opportunities.

Superior organs will determine for individual groups of personnel indices to which award of bonuses and rewards can be tied; quality and efficiency indexes will have priority. The indexes must be derived from the tasks of the state plan and in their entirety warrant its completion. Determination of indexes for individual workers, or for smaller work groups, must be founded on a quality normative base. A more systematic use will also have to be made of appeal, i.e., selecting such indexes for personal material interest which workers could significantly influence in their field; universal indexes can be used only for leading personnel. At the same time to create in all plants a balanced harmony between generation of resources for remuneration and workers' entitlements resulting from wage regulations, whether it be for carrying out specified tasks of the plan, exceeding them or failing to carry them out. The measure of material responsibility of each worker for the attained results must be pointed out; particularly so in the case of management personnel.

The tool for centralized regulation of the process for improvement of wage forms will be directives for implementation of wage forms promulgated by the ministries of labor and social affairs on the basis of current experience and a number of surveys and research in the wage system. The directives will form a solid framework for dealing with problems of wage forms for all groups and categories of personnel, and still leave adequate leeway for initiative and creative efforts for their development in plants; they will be obligatory in nature and will apply to all organizations in industry and construction; after partial modifications they will be gradually applied to additional sectors.

Leading personnel of economic organizations will still come under the provisions of the uniform statewide regulation regarding personal material interest determined according to guidelines provided by the government of the CSSR for the period of the Seventh Five-Year Plan; it is envisioned to tie appeal to key indexes of economic activity (criteria for carrying out the organization's plan) according to the line of work and responsibility of leading personnel, material stimulation will be combined with long-term tasks, limits and plan criteria).

For operational regulation of specific approach to using permiums and performance bonuses for management and other personnel of intraplant units the Ministry of Labor and Social Affairs shall specify principles which will systematically orient the incentive components of wages to quality indexes, tieing the award of premiums and rewards to improved results and cutting them when criteria are not met; these principles will be obligatory for management control and on their basis the central branch organs will issue directives for subordinate organs.

To promote material interest of personnel in continuously balanced output, work initiative and utilization of personal talents as well as professional qualifications use will be made on a large scale of personal evaluation. This wage component is expected to significantly contribute to greater differentiation in earnings for the benefit of cadre personnel, and thus positively influence stabilized employment of qualified personnel. Basic principles for assignment of values to personal evaluations will be promulgated by central organs.

The system of basic wages will require partial modification of qualification catalogs resulting primarily from current changes in technique and technology. A preferred categorization is under consideration primarily for workers with full apprenticeship and a complete secondary school education. Similarly, efforts are under way to provide better possibilities for appraisal of creative technical personnel who come up with outstanding work results. Classification of some leading plants and operations will also be stepped up to emphasize their extraordinary role in carrying out the tasks of the plan. Consideration will also be given to the intent to restore economically effective wage structure, i.e., add weight to its tariff component, which would facilitate implementation of better norms for expenditure of labor as well as more effective premiums and performance bonuses.

II.

In the course of the next few months, sector and branch organs will develop intensive efforts to come up with specifications for a methodical and regulatory set of measures, to include the problems of economic effectiveness of wages.

At the present, main efforts involve final application of the set of measures to the conditions in individual branches and sectors of the national economy. In the sphere of wages, this involves devising a system for formation of the basic and variable components of wages (specifying organizations in which these components will be determined in relation to criterion indexes, and those organizations, in which the basic component will be determined absolutely, without any relation factors) and delineation of criterion indexes for both components of payroll resources. Once the specific conditions are specified in final form, it would pay to devote a separate article to explaining their application in branch organizations. It can be summarily stated that application of the Set of Measures in branches and sectors must be subordinated to uniformity of all substantial approaches, branch peculiarities can reflect basic differences in tasks and management conditions; in no case can they be oriented toward alleviating (softening) of requirements and criteria regarding the system of management as promulgated by the Set of Measures.

In connection with determination and implementation of directives for completing work on the Seventh Five-Year Plan and directives for the operational plan for the year 1981, selected elements in the sphere of regulation of payroll resources have already been specified.

The directives specify for individual sectors of the economy how the total amount of payroll resources is tied to adjusted own output in the form of a lower share of payroll resources in this output.

For 1981 it is envisioned to encourage adoption of higher tasks for adjusted own output and profitability in the yearly plan.

In the framework of the directive for the plan for the year 1981 and its implementation.

a) it is stipulated that central branch organs have the obligation to divide payroll resources into a basic and an incentive component; the division will be effected in agreement with the corresponding Minister of Labor and Social Affairs. The division will be effected primarily with a view to the need for providing an effective stimulus for efficient management, taking into consideration relations between the utilized systems for personal material incentives (elements of the system) and indicators of results. The starting point is the current wage structure and corresponding amounts of payroll resources tied to quantitative (reflecting amounts and quantities, to include time worked) or qualitative (expressing quality, economy, etc.) work results. Division of payroll resources must also reflect changes in structure favoring forms tied to qualitative work results and thus complying with the main requirement on the activities of organizations, i.e., maximum efficiency.

Quantitatively the division in individual branches and basic elements should range--from the overall volume of payroll resources--about 80 percent for the basic component and 20 percent for the incentive component; in principle it cannot be expected that the amount of the incentive component in the plan would fall below 15 percent of the total amount of wages;

b) the central organ will divide the total volume of payroll resources of economic organizations resulting from a lower share of these resources in adjusted own output against the starting base, which is specified in the directive--after exclusion of specified reserves--for basic elements of management into the basic and incentive components of payroll resources. In compliance with this division, the basic elements will receive specifications regarding the

--normative share of the basic component of payroll resources in relation to adjusted own output or another indicator better reflecting expenditure of human labor, or an absolute limit on the basic component of payroll resources (the amount of this component without regard to adjusted own output or any other index), if use of a different indicator or setting of an absolute limit is in compliance with the specifications approved for the branch,

--absolute limit (volume) of the incentive component of payroll resources with the condition of complying with the prescribed level of rentability of production resources (factors) or indexes of effective exports (applicable to selected elements performing vital tasks in exports) or another indicator corresponding to specifications approved for that branch and, as a rule, for adjustment (increasing or cutting) the incentive component when adopting a higher level of plan indicator or when failing to maintain the prescribed level;

c) superior organs will determine the rules for adjustment of the incentive component so that

--in adoption of a higher level of profitability or another indicator into the plan in comparison to the level specified in the directive, the amount of the incentive component could be increased in direct proportion to the percentage increase in the level of the indicator,

--when the prescribed level of profitability or another indicator is not maintained to cut the amount of the incentive component according to the following scale:

Failure to maintain prescribed profitability in percent	Cut in the absolute limit of the incentive component in %
Below 100 down to 97	1.a
below 97 down to 94	3 + 2.a
below 94	9 + 10.a

The factor "a" is equal to failure to maintain the prescribed level of profitability with accuracy on the order of tenths within the applicable margin and determined in relation to its upper limit.

Further specification of methodical and jurisdictional problems will progress along with updating of the basic regulations regarding adjustment of wages and remuneration for work (update of decree No 157/75 of the Federal Ministry of Labor and Social Affairs); it is assumed that the new version will be ready by 31 July of the current year.

As regards specification of the program for improved economical effectiveness of the wage system, it is envisioned that the complex of regulations implementation will be assessed by governmental organs so as to be ready for systematic implementation in the fourth quarter of the current year and at the outset of 1981. This, among others, assumes that in the course of the third quarter of this year all the requisite centrally promulgated regulations will be ready, particularly directives for implementation of wage forms, ruling on material incentives for leading personnel of economic organizations, principles of material incentives for leading and other personnel of intraplant units, regulations regarding material incentives for personnel in capital construction, etc. The complex of these problems will be gradually dealt with in this journal on a recurrent basis.

8204
CSO: 2400

BRIEFS

RECORD IRON PRODUCT--The East Slovak Iron Works in Kosice produced 291,100 tons of pig iron in May 1980, setting a new record for 1980 and the past 15 years. The pig iron produced by 3 blast furnaces surpassed by 5,050 tons the previous record set in July 1979. The rebuilt No. 2 blast furnace had the highest output, producing 107,150 tons in May 1980; its production target for June 1980 calls for 110,000 tons of pig iron, a new record. [Bratislava ROLNICKE NOVINY in Slovak 1 Jul 80 p 4]

TRUCKS FOR AFGHANISTAN--The CSSR will deliver 600 Tatra and Skoda trucks to Afghanistan over the next few years. The Motokov enterprise deliveries will also include spare parts for the trucks. Czechoslovak experts will perform the necessary servicing and warranty repairs, and train Afghan personnel. [Prague PRACE in Czech 10 Jul 80 p 1]

CSO: 2400

STATISTICS PROVIDED ON TRANSPORTATION SYSTEM

East Berlin PRESSE-INFORMATIONEN in German No 63, 29 May 80 pp 5-6

["Facts and Figures" report by Press Office, Chairman, GDR Council of Ministers: "On the 'Day of the Railway Workers' and 'Day of the Transportation System Workers,' 8 Jun 1980"]

[Text] The days honoring the transportation system are marked by the preparations for the Tenth SED Congress. The working people are showing great initiative in their fight to fulfill the resolutions of the Tenth SED Congress and to secure the required increases in performance, reducing the transportation expenditures at the same time. This year marks the 30th anniversary of the "Day of the Railway Workers."

Remarkable increases in the performance of the transportation of goods and in freight turnover were achieved. In the first 4 months of this year the freight volume rose by 13 percent to approximately 350 million tons, and the national freight volume increased by 10 percent to 26 billion ton kilometers, as compared to the same period in 1979. Within the centrally controlled transportation system 245,000 workers submitted 296,000 individual and collective commitments which contributed to the solution of the transportation tasks.

The GDR railroad takes credit for 103 million tons of freight of the total figure for the first 4 months of this year. This means that the 1979 performance for this period was exceeded by nearly 8 million tons of freight. The freight car loading rate was increased by 150 kilograms per car.

In road freight traffic 238 million tons of freight were transported, including 185 million tons of freight by means of plant transportation systems.

The public transportation system transported 1.35 billion passengers in the first 4 months of 1980, i.e. 2 million passengers more than in the corresponding 1979 period. At the same time, the transportation volume rose by 135 millions to 16 billion passenger kilometers.

In passenger traffic, the transportation volume offered and the transportation quality were improved due to the commissioning of modern traction vehicles and cars as well as by measures of transportation technology. All in all, however, the quality remains insufficient, particularly with regard to service on schedule, cleanliness of the cars, facilities as well as information. In accordance with our social-political program, the tariffs for passenger transportation remained unchanged. In 1979 2.7 billion marks of public funds were expended for this purpose.

The passenger service network comprises approximately 14,000 railway kilometers and more than 611,000 kilometers of bus lines and municipal transportation.

Between 1976 and 1979, some 345 million marks worth of rationalization means were produced in the plants, combines, and installations of the centrally and locally controlled transportation system. In 1979, these figures were three times higher than in 1975.

At the present time more than 11,000 railway working collectives are competing for the title "Collective of Socialist Labor." In the first quarter of 1980, 570 units and 70 offices were awarded the title "Unit or Office of Exemplary Order or Safety," or successfully regained it. More than 17,000 young railway workers are working in 2,870 youth projects.

At the end of April 1980, modern traction equipment accounted for 91.1 percent of the railway transport capacity; 71.7 percent of that figure applied to diesel traction, and 19.4 percent to electric traction. Up to the above date the actual energy requirements were 2.2 percent below the planned specific energy requirements. The commissioning of the electrified line Jueterbog-Luckenwalde, which will take place when the new summer schedule goes into effect, will contribute to the increase of the capacity of the major Berlin-Halle-Leipzig line.

In 1979, 64 kilometers of electric line were opened up along the Bitterfeld-Berlin line, and 48 kilometers up to Elsterwerda on the Dresden-Berlin line. The Wittenberg transformer station was commissioned to meet the railroad's energy requirement. The preparatory work in the Seddin area of the Berlin Southern Outer Freight Ring, Luckewalde-Berlin Outer Freight Ring, Elsterwerda-Doberlug-Kirchhain are being continued.

In the five-year period of 1976 to 1980, the construction of 800 kilometers of a second set of tracks is planned according to the directive of the ninth party congress. Up to the end of 1979, 655 kilometers of those were built. Important projects of the 1980 plan include the two-track extension and thus the continuous operation on the lines Berlin Outer Freight Ring-Wittenberg, Berlin Outer Freight Ring-Rosslau, Werdau-Plauen, Elsterwerda-Riesq, and Stralsund-Sassnitz to Lietzow.

The work collectives in the 18 GDR railroad repair yards are working up to the challenge within the socialist competition to render 2 additional days' production, essentially utilizing the economic and material resources available under the plan. For the 1980 "Day of the Railway Workers" the first additional daily production has been achieved.

In the first 4 months of this year, 86 four-axle passenger railroad cars left the Halberstadt railroad repair yard--one more car than the plan provided for. Since the start of the production in January of 1978 to 30 April 1980, more than 500 of these 26.4 m railroad cars were produced.

The public bus service, including the routes contracted for by plants, operates some 17,000 routes comprising more than 611,000 kilometers at the present time. The municipal transportation system comprises 875 lines of more than 15,700 kilometers in length. Since 1976, a total of 1,000 new wide-body Tatra street cars from Czechoslovakia were utilized mainly in Berlin, capital of the GDR, as well as in the industrial centers of Halle, Karl-Marx-Stadt, Leipzig, and Magdeburg.

In recent months, two new streetcar lines to Marzahn in Berlin and to the Fritz Heckert residential area in Karl-Marx-Stadt were opened up in connection with the development of transportation to new residential areas.

A total of 4,530 collectives are competing for the honorary title "Collective of Socialist Work," and 3,900 collectives are competing for the title "Area of Exemplary Order and Safety." Some 21,000 bus and streetcar drivers work according to the Section Q method in passenger service.

In 1979, the bus system was able to save 28,500 tons of diesel fuel. A 3.5-percent reduction of the specific consumption, compared to the 1979 consumption, is planned for 1980.

The GDR inland waterways system is of major importance for effective mass goods transportation due to low energy consumption. The working people of this branch of transportation are major suppliers of construction material to the GDR capital. The GDR national shipping company set a goal to reduce diesel fuel consumption by more than 600 tons and heating oil consumption by 80 tons in 1980 by means of energy-saving operations.

Some 1.2 million GDR citizens will travel to other Socialist countries this year through the GDR travel bureau. The USSR is the most popular destination, with almost 200,000 trips booked. The 18th October 1980 marks the 25th anniversary of the agreement between the USSR and the GDR concerning tourism. Since that date more than 2.3 million GDR citizens have visited the Soviet Union.

9544
CSO: 2300

GERMAN DEMOCRATIC REPUBLIC

MEASURES REQUIRED FOR SAFE AGRICULTURAL TRANSPORTATION

East Berlin PRESSE-INFORMATIONEN in German No 74, 24 Jun 80 pp 4-5

[Article by Gerhard Seppelt, Ministry for Agriculture, Forestry and Foodstuffs: " For a High Degree of Transportation Safety in Agriculture"]

[Text] From 120 to 130 million tons of crops must be transported this year. A large number of tractors and trucks and many self-propelled agricultural machines will enable agricultural workers to perform work in the fields and to ensure transportation. To this must be added forestry and food-trade vehicles. Therefore, traffic instruction and traffic safety in agriculture, forestry and the food-trade should receive considerable attention.

The coming harvest weeks will place considerable demands on all those involved in traffic--during the vacation period, there are also more car drivers. A safe, smooth and trouble-free traffic flow is necessary to protect the life and health of the people and to prevent economic losses.

Through their social activity, the 30,000 members of the 4,868 traffic safety activist groups working in agriculture, forestry and the food-trade are making an essential contribution to promoting a responsible attitude in workers during road and intra-enterprise transportation. Thus, they effectively help the directors of LPG's, VEG's [state farms] and VEB's. A competition--organized jointly by the Free German Labor Union Federation, the State Insurance and the Ministry for Agriculture, Forestry and Foodstuffs--will intensify the efforts to ensure traffic safety.

Doebeln's Experience Is Generalized

The yardstick to measure the effectiveness of work in the field of traffic instruction is the greater or smaller number of accidents which occur in enterprises and on the roads. Each accident has ultimately many consequences for those involved and for our national economy. Although conditions are often identical, there are considerable differences between enterprises, kreises and bezirks, and for many reasons.

When it comes to traffic safety, the Leipzig Bezirk can show good results. In the Doebeln Kreis, experiments were carried out over a long period of time to prevent seasonal road littering--especially during crop transportation--and the resulting traffic hindrances. For instance, field exits have been made more visible; during bad weather, co-workers remove the mud from the road near these exits, and they spread sand. These road stretches are also being marked, in collaboration with the people's police. All this has proved effective. At the same time, the Leipzig Bezirk council, jointly with the bezirk authorities of the German people's police, traffic police division, has issued a binding guideline for the whole bezirk. This example is presently being followed throughout the republic.

Many large LPG's and cooperative plant production divisions often use as an excuse for their unsatisfactory performance in matters of traffic instruction and safety the fact that their lands extend over a considerable territory and that this makes their working conditions all the more difficult. However, many other LPG's show that this is not a good reason. As a representative example, one can name the Hoetensleben VEG in the Magdeburg Bezirk. Its agricultural area extends over 7 communities with a road network of 900 kilometers. The 90 drivers or mechanizers of the enterprise service 180 vehicles. There have been no accidents worth mentioning, either last year or this year. The reason: the VEG director has included traffic instruction and traffic safety in his management activities. The traffic activist group of the enterprise has given him exemplary support for many years.

Traffic Safety Activist Groups Play an Important Part

The agriculture, forestry and foodstuffs traffic activist group of the Arnstadt Kreis, Erfurt Bezirk, is also providing good work. Last year, approximately 17,000 workers followed 50 courses of instruction, and 300 technical controls on enterprise-owned vehicles and on 90 private vehicles, plus 345 technical controls on trailer vehicles were undertaken. Traffic safety activist groups in agricultural enterprises have also entered into sponsorship agreements with schools and kindergartens to make children aware of the causes of accidents and to teach them the proper attitude toward traffic. This helps prepare them to win a "straight A."

To cope with the increasing tasks of agriculture, forestry and the food trade, workers have taken many initiatives within the socialist competition to fulfill and exceed their transportation tasks--in doing this a high degree of traffic safety must always be kept in mind. All the same, last year there were 20 percent more accidents in agriculture, forestry and the food trade than in 1978, and this has had serious consequences on the working capacity. The number of accidents has increased especially in the Magdeburg, Potsdam and Halle Bezirks. In the Potsdam Bezirk, for instance, there are only 184 traffic safety activist groups working in agricultural, forestry and food-trade enterprises. This means that such social groups exist only in half of all enterprises. Therefore, it is not surprising that, in this very bezirk, in 1979, agricultural vehicles were involved in approximately 10 percent of all traffic accidents.

Last year, many road and traffic accidents occurred on snowy or icy roads at the beginning of the year. However, there were many other causes too, above all insufficient roadworthiness in vehicles--steering, brakes, tires and other components were not in order--, and careless as well as drunken driving.

This is why the initiatives of professional drivers to achieve greater traffic safety deserve great attention. Day in, day out, these men are on the road with their vehicles, in all kinds of weather, and have much to contribute to prevent accidents. Last year, over 1,000 professional drivers in our region deserved to be distinguished as "exemplary drivers."

9294
CSO: 2300

NEW PRICE, SUBSIDY POLICIES FOR AGRICULTURE ISSUED

West German Commentary

Frankfurt/Main **FRANKFURTER ALLGEMEINE** in German 14 Jun 80 p 13

[Article signed 'GZ,' datelined Berlin, 13 June: "GDR Corrects Agricultural Policy: 'Industrial Animal Production' Will No Longer Be Encouraged--Smaller Units Are Now Favored." A translation of the GDR Council of Ministers resolution cited below follows this commentary]

[Text] In 1981, the German Democratic Republic will decisively readjust its agricultural policy, especially its price and subsidy policies. Most significantly, the costly process introduced in 1976--which has led to a massive preferential treatment being given to "industrial" animal production in large stables--will be discontinued. All special benefits will be discontinued in 1981. From now on, the price policy will again privilege the production of milk in small stables. The GDR leadership has now drawn conclusions from the obvious signs of stagnation in agriculture, and has taken comprehensive pricing and selling policy measures.

All the measures which until now privileged the construction of "industrial-scale facilities," for instance the often mentioned "stables for 2,000," will be reversed. Milk will now be paid for according to quality, and especially the payment of a surcharge for "specialized milk production," i.e. milk produced in large stables, which had been introduced in 1976, will be abolished. On the contrary, milk production in comparatively small stables will now enjoy more favorable pricing conditions. All prices for cattle and calves will be considerably increased to stimulate production. For beef cattle also, the particularly high producer's prices paid for animals from large stables will be discontinued.

The new policy is made especially clear in the prescription that "investment subsidies for the construction of industrial-scale facilities will no longer be granted, so as to direct the material interest of collectives more strongly toward the reconstruction and rationalization of existing facilities."

The drastic decision of the GDR Council of Ministers has been published only in specialized agricultural publications and, as usual, only in "excerpt" form. These publications also contain a short interview with Kuhrig, minister for agriculture, in which he assures that the pricing and subvention policy measures have had repercussions neither on the state budget nor on consumer's prices.

In the future, the so-called "assessment" of enterprises, i.e. the tax on enterprises, will be calculated on the "actual profit from operations," and no longer on a "gross revenue" reference basis. Assessment rates vary according to soil category; the enterprises located on better soils will in the future pay more than those located on poor soil, "to further reduce the repercussions of differential returns." In addition, enterprises will, in the future, have to absorb themselves most of the recent price increases for spare parts; for the time being, the state will reimburse only half of these increases. By way of compensation, and "to improve price relationships," prices for potatoes, rye and especially high-protein raw fodder will be increased.

GDR Council of Ministers Resolution

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIC in German Part I No 16, 12 Jun 80 pp 135-140

[Excerpts from official text of 8 May 1980 GDR Council of Ministers "Resolution on the Continued Development of Economic Measures in Socialist Agriculture and Food Industry Starting in 1981," signed by W. Stoph, chairman, GDR Council of Ministers; and Kuhrig, minister for agriculture, forestry and foodstuffs]

[Text] Resolution on the Continued Development of Economic Measures in Socialist Agriculture and Food Industry Starting in 1981, Dated 8 May 1980 (Excerpt)

1. "The continued development of economic measures in the socialist agriculture and food industry starting in 1981" is confirmed (Appendix).

3. The resolution and the measures which result from it, shall be thoroughly explained in the councils for agriculture and food industry of the kreises, with the participation of cooperative councils; in the general assemblies and personnel meetings of LPG's, GPG's [horticultural producer cooperatives], VEG's [state farms], and their cooperative facilities; and in the press, in training courses and in discussions.

Persons responsible: Minister for Agriculture, Forestry and Foodstuffs
Chairmen of the Bezirk and Kreis Councils

4. This resolution, with the exception of the assessment regulation, also applies to church-owned and operated agricultural enterprises. Church-owned and operated agricultural enterprises shall continue to pay the return amounts for which they have been assessed.

6. This resolution comes into force on 1 January 1981.

Berlin, 8 May 1980

The Council of Ministers of the German Democratic Republic
W. Stoph, Chairman

The Minister for Agriculture, Forestry and Foodstuffs
Kuhrig

Appendix to the Above Resolution

The Continued Development of Economic Measures in the Socialist Agriculture and Food Industry Starting in 1981 (Excerpt)

The changes made in the economic measures, starting in 1981, are intended to direct more imperatively the economic interest of collectives in combines, VEB's and VEG's, in LPG's and their cooperative facilities toward the achievement of the following goals, through continued intensification and rationalization:

- to increase production, work productivity, quality and effectiveness;
- to save raw materials, energy and materials, especially spare parts;
- to reduce the variations in the economic results of plant and animal production enterprises through improved management; and
- to simplify the economic measures so as to make them more accessible to workers and cooperative farmers, and to save on administrative costs.

These measures are to be carried out within the limits of the socialist agriculture budget. The state budget does not provide for any additional financing.

For this purpose, the following measures shall become effective on 1 January 1981:

I. Measures Concerning Plant Production

1. Increased Effectiveness of the New Prices for Spare Parts and Repair Work, and Simplified Reimbursement of Price Differences for Plant Production Enterprises.

To increase the material interest of collectives in saving spare parts, and to simplify economic regulations, the following has been determined:

- Part of the refunds paid in 1980 to compensate for increases in spare part prices will be included in the producer's prices.

- Starting on 1 January 1981, 50 percent of the refunds paid in 1980 to compensate for increases in spare part prices will be allocated annually, as a fixed amount, to the LPG's, GPG's, VEG's and cooperative plant production facilities, with plant production enterprises and soil improvement enterprises participating if necessary.

  To ensure that changes in the composition of basic resources and in repair costs are better taken into account, the kreis councils shall have the right to vary between 45 and 55 percent the fixed amounts to be paid to individual plant production enterprises starting in 1981, although an average of 50 percent is to be adhered to.

- Drying and pelletizing enterprises shall receive, as a compensation for their higher repair costs, an additional support to be calculated per ton of dry product, including straw pellets, so as to avoid having to increase the present contractual price of dry product and pellets.

- ACZ's [agro-chemical centers], fertilizer VEB's, and BHG's [peasants' trade cooperatives] will continue to receive, as a fixed amount, the full amount of the refunds paid to them in 1980, to prevent increased spare part prices from having repercussions on the contractual prices for the services provided by ACZ's, and on the economic results of fertilizer enterprises and BHG's.

The breakdown of the amounts refunded to compensate for increased spare part prices into a fixed amount for plant production LPG's and VEG's, and a partial amount to alter prices, is a result of the measure providing that the overall price level for plant products shall not be changed. This again serves the objective that the new economic measures should not bring about any modification of contractual fodder prices. Maintaining the existing contractual prices will contribute to the consolidation of cooperative relationships.

The increased cost of spare parts for plant production enterprises and their cooperative facilities, which are not offset by the new producer's prices and the fixed amounts, can be covered by reducing costs and increasing effectiveness, or they will lead to an adjustment of the profitability of plant and animal production enterprises. For this reason, it is not necessary to modify contractual prices.

Exceptions will be found in those plant production LPG's and VEG's which produce fodder only. In the plant and animal production cooperative council, they shall discuss the repercussions of the economic measures on partner enterprises, and determine whether the differences require a modification of contractual prices. Modified contractual prices shall be submitted to state organs for confirmation.

2. Improved Price Relationships Between Some Staple Products of Plant Production

To improve the price relationships between staple products, and to give special support to plant production enterprises which operate under unfavorable natural production conditions, the following measures shall be carried out:

- The producer's prices for eating potatoes and starch potatoes shall be raised by 3 marks per deciton, so as to offset the repercussions of spare part price increases on potatoes, and to improve the profitability of eating and starch potato production.

- The producer's price for seed potatoes shall be raised by an average of 1.30 marks per deciton in the lower increase brackets.

  This will also offset the burden resulting from the increase in spare part prices and maintain the price relationship with eating potatoes.

- The producer's price for rye shall be raised from 40 to 45 marks per deciton, so as to give special support to plant production enterprises operating under unfavorable production conditions, which are the main producers of rye.

  The producer's price for rye seeds shall also be raised by 5 marks per deciton.

  To prevent an unwarranted expansion of rye sales at the expense of wheat, the increased producer's price for rye will be paid only for the quantities contractually agreed on with the cereal VEB.

- The surcharge of 10 marks per deciton for additional purchases of cereals is abolished.

  The resources thus made available shall be used to increase plant production producer's prices.

- To increase the material incentive for high-protein raw fodder production, and as a measure to improve soil fertility, the producer's price for seeds of large-seed legumes in the high-grade stock increase bracket, shall be raised:

  from 106 to 125 marks per deciton for horse beans
  from 154 to 200 marks per deciton for sweet lupine
  from 150 to 200 marks per deciton for bitter lupine

The producer's prices for other increase brackets shall be raised in relation to these prices.

At the same time, the sales price of field pea, horse bean and sweet lupine seeds to agricultural enterprises shall be state-subsidized and reduced by an average of 25 percent so as to ensure material interest in the cultivation of these high-grade fodder crops.

- To stimulate the production of a few important seed crops, producer's prices and subsidies for fodder rye, ribbon grass (Phalaris arundinacea), and fodder beets, shall be raised respectively by 25 percent, 100 percent and an average of 15 percent, and the sales price to agricultural enterprises shall be maintained at its present level by state subsidies.
- The present profitability conditions for the production of cereals, oil-producing plants, vegetables, fruit and ornamental plants are maintained to provide material incentive for a production increase and to make sure that supply objectives are achieved. Contractual bonuses will continue to be paid for vegetables, fruit and ornamental plants.

3. Continued Development of the Assessment Regulation for Plant Production Enterprises

To limit more effectively the repercussions of differential returns on the reproduction process, in terms of value, and thus to provide greater stimulation for the individual performance of enterprises, the assessment of cooperative enterprises engaged in plant production shall be changed from the present gross revenue reference basis to that of the actual profit from operations.

As before, assessed amounts will be graded according to natural production conditions and also according to the amount of profit achieved in marks per hectare of agricultural area (see Table 1).

As a result, variations in natural production conditions and economic factors will be better taken into account and their repercussions on the reproduction process, in terms of value, will be limited.

The proposed grading of assessment amounts will make it possible to guarantee the material interest of enterprises in continuing to increase their production and effectiveness. Any increase in effectiveness will benefit the enterprise to a larger extent.

The objective in modifying the assessment regulation in plant production is to better absorb the resources from areas with very good and good production conditions, and to provide relief to enterprises operating under unfavorable conditions.

To assist cooperative enterprises operating under unfavorable production conditions, local bonuses shall be introduced so as to guarantee the necessary supply of funds to these enterprises, under normal economic management.

GPG's and enterprises primarily engaged in garden crop production, shall apy their assessment as provided under paragraph II, subparagraph 2.

For plant production VEG's, net profit transfer regulations shall apply.

II. Measures Concerning Animal Production

1. Improved Price Relationships Between Staple Products of Animal Production

The refunds paid in 1980 to offset the additional burden of increased spare part prices are abolished.

The resources allocated for this purpose until now shall be used to increase important producer's prices; so as to bring back a comparable profitability between staple products, and to restrict further the existing drop in profitability from egg, fowl and pork production to dairy and beef cattle production.

To that effect, the following measures shall be applied:

- The average returns from producer's prices and price surcharges for milk shall be raised by 6 marks per deciton.

  In view of the steady increase in the fat content of milk during the past few years, the basic fat content of milk shall be changed from 3.5 to 4 percent so as to ensure better agreement between milk actually delivered and milk taken into account in the state revenue.

  The producer's price for milk shall vary according to quality and shall be established as follows on the basis of a 4 percent fat content:

		(i.e., for a 3.5 percent fat content)
Q . . .	105 marks per deciton	95 marks per deciton
I . . .	103 marks per deciton	93 marks per deciton
II . . .	100 marks per deciton	89 marks per deciton
III . . .	94 marks per deciton	84 marks per deciton

  The special producer's prices in force until now for industrial-scale facilities, and the payment of price surcharges for specialized milk production shall be abolished when the new price scale based on milk quality is introduced.

- The producer's price for calves shall be raised by an average of 1.65 marks per kilo, to provide stronger economic support to the efforts made to reduce calves' losses. The price increase is intended to stimulate especially the sale of fattened crossbred calves. The repercussions shall be borne by breeding and fattening enterprises.

- The producer's price for beef cattle shall be raised by an average of 68 marks per deciton (from 522 marks per deciton to 590 marks per deciton), and the price for cows to be slaughtered by an average of 34 marks per deciton (from 469 marks per deciton to 503 marks per deciton).

  The special producer's price in force until now for beef cattle from industrial-scale production enterprises is abolished in connection with the producer's price increase. The increase in beef cattle prices will offset the production cost increase and improve the present low profitability.

- The producer's price for heifers shall be raised by an average of 110 marks per animal, so that increased expenditures will be offset by the new producer's prices for calves and the higher prices for spare parts and repair work. The repercussions will affect milk production enterprises.

  The existing price surcharge paid for industrial-scale and specialized young cattle breeding may be continued.

  To better take into account the existing production scale in the breeding of young cattle, and to orient it more strongly toward the breeding of more productive animals, a supplement of up to 70 marks per deciton shall be paid for weight increase.

- Prices for mixed fodder for laying hens and broilers shall be raised by 10 marks per deciton of mixed fodder, to encourage a more thrifty use of mixed fodder and to restrict the very high profitability of egg and fowl production.

- The producer's price for fattened geese shall be raised by an average of 1 marks per kilo (from 7.80 to 8.80 marks per kilo), to improve the profitability of geese fattening and thereby take better advantage of some production reserves.

2. Changes in the Assessment of Animal Production Enterprises

Based on the level of social development achieved after implementation of the division of labor between plant and animal production enterprises, a reorganization of the assessment of animal production enterprises has become necessary. The present grading of assessment of animal production enterprises according to the natural conditions of plant production in the territory no longer reflects the state of economic relationships between plant and animal production enterprises. The existing variation in the economic results achieved in animal production must be further restricted through a result-related assessment.

For this, the level of the result-related assessment of cooperative animal production enterprises must be graded according to the level of profitability of their production (profit per 1,000 marks of prime costs). The maximum assessment amounts to 50 percent of the profit realized (see Table 2).

Animal production enterprises making profits of up to 40 marks per 1,000 marks of prime costs will not be assessed so as to promote an extension of their reproduction.

To achieve uniformity in the assessment regulation for animal production, the assessment on basic stock profitability applied until now to industrial-scale animal production enterprises is abolished.

For animal production VEG's, net profit transfer regulations shall apply.

3. Introduction of a Complex Animal Insurance

To improve the insurance coverage of socialist agricultural enterprises and of individual livestock owners in case of unexpected damages, an extended insurance coverage making full use of the experience accumulated during an experiment which started in 1976, must be introduced as compulsory livestock insurance starting in 1981.

For bees and fish, which cannot be covered by the compulsory insurance because of their specific peculiarities, the introduction of voluntary insurance regulations through state insurance shall be considered.

III. Use of State Assistance

The effect of producer's prices and assessment regulations will continue to be supplemented by the use of means of assistance to implement purposeful measures of socialist intensification and scientific and technical progress, especially to provide assistance for agricultural aviation, for soil improvement measures, for the restoration of the animal population, and for technical drying and pelletizing.

State assistance must be used consistently to increase production and effectiveness, to utilize production reserves and to overcome differences between enterprises. Very strict standards must be used in distributing assistance, and the parameters established must be adhered to.

Investment subsidies for the construction of industrial-scale facilities will no longer be granted, so as to direct the material interest of collectives more strongly toward the reconstruction and rationalization of existing facilities.

Investment subisidies to be paid for investment projects which are already begun will continue to be paid after 1981 until the facilities are completed.

Investment subsidies will continue to be granted to promote the development of orchards and hop fields, and for the creation of asparagus fields.

IV. Measures Concerning the Food Industry

In connection with the proposed economic measures concerning agriculture and with the changes in industrial prices in their preliminary stages, the following changes in industrial prices shall be implemented to ensure economic accounting in enterprises and combines of the food industry:

1. New industrial prices shall be introduced, effective 1 January 1981, for beef and pork carcasses, based on the new producer's prices for beef cattle and taking into account the new industrial prices for natural guts (sausage skins) and pancreas.

2. The deadline for the introduction of industrial price modifications for meat and sausage products shall be 1 January 1982.

3. To ensure the effectiveness of the economic accounting in enterprises and combines of the sugar and starch industry, new industrial prices for products of the sugar and starch industry shall be introduced on 1 January 1982; these new prices shall take into account the cost increases resulting from industrial price changes and from the new producer's prices for starch potatoes.

4. In the dairy industry, new industrial prices shall become effective on 1 January 1982; these prices shall be based on the cost increases resulting from industrial price changes in their preliminary stages, and on the new producer's prices for raw milk.

V. The stabilization of the net profit transfer for agrotechnical repair, farming and soil improvement VEG's and VEB's, which until now had been provided for by the economic measures, shall be abolished.

The net profit transfer from these enterprises shall go into the budget of the bezirk councils so as to increase the power of local councils in increasing the effectiveness of these enterprises.

The net profit transfer stabilization provided for centrally managed agricultural enterprises remains the same as before. It shall be increased by the amount of the past assessment of these enterprises.

The assessment of inter-cooperative cultivation organizations and soil improvement cooperatives is to be counted in relation with the results according to the provisions of paragraph II, subparagraph 2.

400	410	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
410	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
420	430	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
430	440	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
440	450	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
450	460	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
460	470	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
470	480	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
480	490	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
490	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
500	510	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
510	520	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
520	530	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
530	540	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
540	550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
550	560	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
560	570	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
570	580	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
580	590	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
590	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
600	610	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
610	620	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
620	630	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
630	640	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
640	650	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
650	660	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
660	670	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
670	680	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
680	690	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
690	700	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(5) – Betriebe mit einem Ergebnis über 700 M/ha LN entrichten – unabhängig von den natürlich-ökonomischen Produktionsbedingungen und zusätzlich zu der bis 700 M/ha LN ermittelten Abgabe – für den 700 M/ha LN übersteigenden Betrag eine Abgabe in Höhe von 50 %.

Key:
1. Results, marks per hectare of agricultural are over... up to...
2. Natural production conditions -NStB-
3. Marks per hectare of agricultural area
4. No assessment
5. Enterprises with a result of over 700 marks per hectare of agricultural area pay 50 percent of the amount over 700 marks per hectare--independently of natural and economic production conditions, and in addition to the assessment established for the first 700 marks per hectare of agricultural area

Sued = South   Nord = North

Table 1. Amount Assessed (Marks per Hectare of Agricultural Area) for Plant Production Enterprises

(1) Ergebnis M/ha LN über	bis	(2) Natürliche Produktionsbedingungen - NStE - Lö 1 Lö 2 Lö 3	Lö 4 Lö 5 Lö 6 Al 3 Erfurt	D 5 Süd	D 6 Süd	V 1	Al 3	D 4 Süd	D 5 Nord V 2 V 6	D 6 Nord V 5 V 7 V 8	D 3 Süd Al 2	V 3 V 4	D 2 Süd	D 4 Nord	V 9 Al 1	D 1 Nord D 2 Nord D 3 Nord D 1 Süd V 3a/5a Suhl
		M/ha LN (3)														
0	40	abgabefrei (4)														
40	50	20	19	18	17	16	14	13	11	9	8	7	6	4	2	abgabefrei (4)
50	60	24	23	22	20	19	17	15	13	11	10	8	7	5	2	
60	70	28	27	25	24	22	20	18	15	13	11	10	8	6	3	
70	80	32	30	29	27	25	22	20	17	14	13	11	10	6	3	
80	90	36	34	32	31	28	25	23	19	16	14	13	11	7	4	
90	100	40	38	36	34	31	28	25	21	18	16	14	12	8	4	
100	110	44	42	40	37	34	31	28	23	20	18	15	13	9	4	
110	120	48	46	43	41	37	34	30	25	22	19	17	14	10	5	
120	130	52	49	47	44	40	36	33	27	23	21	18	16	10	5	
130	140	56	53	50	48	43	39	35	29	25	22	20	17	11	5	
140	150	60	57	54	51	47	42	38	32	27	24	21	18	12	6	
150	160	64	61	58	54	50	45	40	34	29	26	22	19	13	6	
160	170	68	65	61	58	53	48	43	36	31	27	24	20	14	7	
170	180	72	68	65	61	56	50	45	38	32	29	25	22	14	7	
180	190	76	72	68	65	59	53	48	40	34	30	27	23	15	8	
190	200	80	76	72	68	62	56	50	42	36	32	28	24	16	8	
200	210	84	80	76	72	67	59	53	44	38	34	29	25	17	9	1
210	220	88	84	80	76	70	62	56	46	40	36	30	26	18	10	1
220	230	92	88	84	80	73	65	59	48	42	38	32	27	19	11	2
230	240	96	92	88	84	76	68	62	50	44	40	34	28	20	12	2
240	250	100	96	92	88	79	71	65	52	46	42	36	29	21	13	3
250	260	104	100	96	92	82	74	68	55	48	44	38	30	22	14	3
260	270	108	104	100	96	85	77	71	58	50	46	40	31	23	15	4
270	280	112	108	104	100	88	80	74	61	53	48	42	33	24	16	4
280	290	116	112	108	104	91	83	77	64	56	50	44	35	25	17	5
290	300	120	116	112	108	94	86	80	67	59	52	46	37	26	18	5
300	310	124	120	116	112	98	89	83	70	62	54	48	39	27	19	6
310	320	128	124	120	116	102	92	86	73	65	56	50	41	28	20	7
320	330	132	128	124	120	106	95	89	76	68	59	52	43	29	21	8
330	340	136	132	128	124	110	99	92	79	71	62	55	45	30	22	9
340	350	140	136	132	128	114	103	95	82	74	65	58	47	31	23	10
350	360	145	140	136	132	118	107	98	86	77	68	61	49	32	24	11
360	370	150	144	140	136	122	111	101	90	80	71	64	51	33	25	12
370	380	155	148	144	140	126	115	104	94	83	74	67	53	34	26	13
380	390	160	152	148	144	130	119	107	98	86	77	70	55	35	27	14
390	400	165	156	152	148	134	123	110	102	89	80	73	57	36	28	15

Table 2 - Rates Used to Determine the Assessment According to the Level of Profitability

(1) Rentabilitätsniveau 1) über	bis	(2) Abgabesatz (v.Ergebnis) %	(1) Rentabilitätsniveau 1) über	bis	(2) Abgabesatz (v.Ergebnis) %	(1) Rentabilitätsniveau 1) über	bis	(2) Abgabesatz (v.Ergebnis) %
	40	0	102	103	9,4	165	166	35,8
40	41	0,1	103	104	9,7	166	167	36,1
41	42	0,2	104	105	10,0	167	168	36,4
42	43	0,3	105	106	10,4	168	169	36,7
43	44	0,4	106	107	10,8	169	170	37,0
44	45	0,5	107	108	11,2	170	171	37,3
45	46	0,6	108	109	11,6	171	172	37,6
46	47	0,7	109	110	12,0	172	173	37,9
47	48	0,8	110	111	12,4	173	174	38,2
48	49	0,9	111	112	12,8	174	175	38,5
49	50	1,0	112	113	13,2	175	176	38,8
50	51	1,1	113	114	13,6	176	177	39,1
51	52	1,2	114	115	14,0	177	178	39,4
52	53	1,3	115	116	14,4	178	179	39,7
53	54	1,4	116	117	14,8	179	180	40,0
54	55	1,5	117	118	15,2	180	181	40,3
55	56	1,6	118	119	15,6	181	182	40,6
56	57	1,7	119	120	16,0	182	183	40,9
57	58	1,8	120	121	16,4	183	184	41,2
58	59	1,9	121	122	16,8	184	185	41,5
59	60	2,0	122	123	17,2	185	186	41,8
60	61	2,1	123	124	17,6	186	187	42,1
61	62	2,2	124	125	18,0	187	188	42,4
62	63	2,3	125	126	18,4	188	189	42,7
63	64	2,4	126	127	18,8	189	190	43,0
64	65	2,5	127	128	19,2	190	191	43,2
65	66	2,6	128	129	19,6	191	192	43,4
66	67	2,7	129	130	20,0	192	193	43,6
67	68	2,8	130	131	20,5	193	194	43,8
68	69	2,9	131	132	21,0	194	195	44,0
69	70	3,0	132	133	21,5	195	196	44,2
70	71	3,1	133	134	22,0	196	197	44,4
71	72	3,2	134	135	22,5	197	198	44,6
72	73	3,3	135	136	23,0	198	199	44,8
73	74	3,4	136	137	23,5	199	200	45,0
74	75	3,5	137	138	24,0	200	201	45,2
75	76	3,6	138	139	24,5	201	202	45,4
76	77	3,7	139	140	25,0	202	203	45,6
77	78	3,8	140	141	25,5	203	204	45,8
78	79	3,9	141	142	26,0	204	205	46,0
79	80	4,0	142	143	26,5	205	206	46,2
80	81	4,2	143	144	27,0	206	207	46,4
81	82	4,4	144	145	27,5	207	208	46,6
82	83	4,6	145	146	27,9	208	209	46,8
83	84	4,8	146	147	28,3	209	210	47,0
84	85	5,0	147	148	28,7	210	211	47,2
85	86	5,2	148	149	29,1	211	212	47,4
86	87	5,4	149	150	29,5	212	213	47,6
87	88	5,6	150	151	29,9	213	214	47,8
88	89	5,8	151	152	30,3	214	215	48,0
89	90	6,0	152	153	30,7	215	216	48,2
90	91	6,2	153	154	31,1	216	217	48,4
91	92	6,4	154	155	31,5	217	218	48,6
92	93	6,6	155	156	31,9	218	219	48,8
93	94	6,8	156	157	32,3	219	220	49,0
94	95	7,0	157	158	32,7	220	221	49,2
95	96	7,3	158	159	33,1	221	222	49,4
96	97	7,6	159	160	33,5	222	223	49,6
97	98	7,9	160	161	33,9	223	224	49,8
98	99	8,2	161	162	34,3	224	225	50,0
99	100	8,5	162	163	34,7	225		50,0
100	101	8,8	163	164	35,1			
101	102	9,1	164	165	35,5			

(3) 1) Ergebnis in M je TM Selbstkosten

Key:

1. Level of profitability — over... up to ...
2. Rate of assessment (percent of result)
3. Results in marks/1,000 marks of prime costs

9294
CSO:2300

ECONOMIC RELATIONS WITH SOUTH EUROPEAN REGION EXAMINED

Budapest KULGAZDASAG in Hungarian No 5, May 80 pp 39-47

[Article by Peter Balazs: "Economic Relations Between Hungary and the South European Region"]

[Text] The economic significance of the South European region for Hungary will grow both within the Common Market and Western Europe. An examination of our economic relations with various countries shows that in the South European regions, it will be possible in the next decade to give an impetus to the growth of trade and to stabilize our market positions through close and diversified forms of production cooperation. The concentration of the trade-creating and trade-developing effect of cooperation upon the machine industry is justified. The development of this cooperation, taking mutual interests into account, appears realistic primarily in the fields of transportation, energetics, environmental protection, medical science, machine tool manufacturing, mining, aluminum industry, telecommunications, and food industry. To the extent that the regulatory system of the Common Market will encompass the Southern European countries, so will our competitive disadvantage increase. Cooperative relations can better counter the new conditions under development, but there is not much time left to establish them. In addition to all of this, the expansion of the Common Market is expected to ease the EEC's rigid and hostile attitude toward the East European socialist countries. A more open, "more Latin" Western Europe can also become a more suitable partner in East-West economic cooperation.

From the viewpoint of economic structure and development, the southern fringe of capitalist Europe presents a relatively uniform picture. This region cannot be exactly designated by country boundaries, and includes southern Italy, Spain, Portugal, Greece, Turkey, Cyprus, Malta, and even the southwestern part of France. For Hungary, the South European region is a close and prospectively important economic factor, on one hand, as a buyers' market and shipper of growing importance, and on the other, as a noteworthy competitor. In the next decade, the Common Market will expand in this geographic area. The countries listed--if we omit southwestern France but include Italy in its entirety--offered in 1979 a market to 7.6 percent of all Hungarian exports and provided 4.1 percent of all Hungarian exports and provided 4.1 percent of all of our imports. Southern Europe improved our foreign trade balance with a surplus of approximately $180 million since, with the exception of Portugal, bilateral trade in every relation results in a smaller or larger surplus of Hungarian exports (Table 1).

Table 1

Hungary's trade turnover with the South European countries in 1979

(million dollars)

Country	Total turnover	Exports	Imports	Balance
Italy	578.7	330.2	248.5	+81.7
Turkey	102.4	78.1	24.3	+53.8
Greece	137.0	92.0	45.0	+47.0
Spain	51.5	26.3	25.2	+ 1.1
Portugal	9.2	1.8	7.4	- 5.6
Malta	2.0	1.9	0.1	+ 1.8
Cyprus	8.0	6.5	1.5	+ 5.0
Total	888.8	536.8	352.0	+184.8

Source: According to Ministry of Foreign Trade data

The commodity structures of our foreign trade with the various South European countries show strong similarities but reveal features that differ from the totality of the advanced capitalist countries. These countries are meat importers, Italy is a buyer of long standing, and we shipped in 1979 30,000 tons of meat to Greece and Spain. Sales of other Hungarian agricultural and food industry products are not significant; the share of the major group of goods in Italy is twice the average for advanced capitalist countries but is much lower in the other South European countries. We shipped to the region's countries nearest to us large quantities of materials and semi-finished prodcuts: metallurgical products, timber, chemical goods. Close to one-fourth of our exports of materials to advanced capitalist countries is directed to this group of countries. Turnover of industrial consumer goods is much lower than the capitalist average, a large part of the category of goods is made up of two traditional Hungarian products, electric bulbs and textiles. The share of machines, installations and vehicles in our exports to Southern Europe is strikingly high, more than three times the average for exports to advanced capitalist countries, with the exclusion of Italy. In 1979, this group of countries imported 20 percent of our machine sold to advanced capitalist countries.

It is expedient to examine separately the commodity structure of Hungarian exports in the case of Italy, where the extremely high share of agricultural products distorts the entire structure, and in the other South European countries (Table 2).

Table 2

Commodity structure of Hungarian exports to South European countries in 1979 (in percent)

Major category of goods	Italy	other South European Countries *	advanced capitalist countries, total
Energy carriers	1	-	3
Materials, parts	36	52	40
Machines	3	13	7
Industrial consumer goods	7	8	22
Agricultural and food industry products	53	27	28
Total	100	100	100

* Greece, Turkey, Spain, Portugal, Malta, Cyprus
Source: According to Foreign Trade Ministry data.

In the longer term, the commodity structure of our sales will be affected by the transformation of Hungary's production structure, the peculiarities of the partner countries' economic development, and the enlargement of the Common Market with newer South European countries. Joining the EEC will in all probability rearrange the commodity structure of Hungarian exports in the countries involved; on one hand, it will have a restrictive effect on the turnover of the branches having a weak position in the Communities (according to the current situation, on our agricultural, metallurgical and textile industry exports), and on the other, our machinery exports will lose their advantages derived from closer bilateral relations and will be at a disadvantage compared to the competitive advantage, among other things, of the increasing tariff advantage of the Common Market's internal shippers. With the South European expansion of the EEC, the centers of gravity within the Community will also shift for Hungarian foreign trade, and 68 percent of our Common Market exports exclusive of the FRG, will go to the South European region (on the basis of the trade in 1979), and 40 percent of our same imports will originate from that same region. Under the influence of the factors mentioned above, these ratios may, of course, also change.

In the next decades, various forms of close production cooperation can be the main instruments for making our relations to the South European countries dynamic and stable. In Greece and Turkey, cooperation can preserve for the future our traditional machine exports, and in the other South European countries, including Italy as well, we must develop the trade creating effect of cooperation, primarily in the machine industry. The South European region is a source of supply of important industrial raw materials. In the longer term, we can ensure the import of cotton, raw hide, tobacco and cork if we join in appropriate entrepreneurial form in their local processing. Geographic proximity makes it advantageous to import certain raw materials requiring transportation, mainly metallurgical products and chemical materials. At the same time, Southern Europe is also our traditional supplier of citrus fruits.

Our interstate contractual relations are undergoing a change, clearing agreements are terminated one after the other. The regulation of trade--with the exclusion of Italy--is presently free of institutional discriminatory elements, and thus the extension of the Common Market's import system to the entering South European countries will in all probability hurt our situation. Successions of cooperation agreements are making their appearance in our bilateral relations, and the task of the next period will be to develop methods for their substantial operation. Development of trade with the South European countries is at a mutually low level. There are few lecture series about economics and trade, few displays of goods, little participation in exhibits and fairs. The market organization of the Hungarian enterprises most affected regarding export perspectives is undeveloped. The South European partner countries, with the exception of Italy, dealt with the Hungarian market even in the recent past only through their trade counsellors residing in neighboring countries.

Cooperation Can Update the Structure of our Exports to Italy

Our most important economic partner in Southern Europe is Italy, and in itself our trade with that country represents a bigger value than our trade with all the other countries of the region together. We cannot include the Italian economy unequivocally and completely into the South European region, but the building and developmental worries of the economy of southern Italy are very much similar, for example, to the problems encountered by Portugal or Greece.

Although Hungarian exports account for a negligible share of Italy's total imports (about 0.5 percent), the formation of our exports is not independent from the situation of the Italian economy. The influence of the market conjuncture, however, in accordance with the particular structure of our exports, asserted itself through the demand for and price level of a few agricultural and material-like products and the artificial restriction of their import possibilities. It is probable that in the longer term, livestock and meat, lumber goods, metallurgical products and chemical materials will continue to determine the development of our exports to Italy. The traditionally established commodity structure of Hungaro-Italian trade is extremely conjuncture-sensitive on both sides. Two-thirds of our imports and 90 percent of our exports consist of categories of goods which react with considerable price fluctuations to changes in the market situation, and may bring about drastic state interventions. Italy is expected to remain for a long time a net foodstuff importer although it is able to an increasingly larger extent to meet its import needs from the Common Market which is aiming at self-sufficiency. The country's foodstuff shortage mainly means a shortage of meat, which would favor Hungarian exports; on the other hand, our various livestock and slaughtered animal and meat deliveries can easily be hurt, as evidenced by the example of live cattle and beef. The security of the market can be increased by establishing a closer cooperative relationship. Various combinations of joint breeding, processing, storage and sales result in products of higher value (which can be sold favorably on other capitalist markets). Their realization may temporarily be less advantageous for the Hungarian party than the well known simple export of goods. New type enterprises may also conflict with the interests of our customary Italian business partners, and yet this is the only way out because given the existing composition of goods and degree of processing, our foodstuff exports will probably decline.

Our machine industry exports to Italy represent the least developed sector but at the same time the one which offers the most prospects. Our bilateral machine trade is strongly unbalanced, with $9 million worth of exports compared to $40 to $50 million worth of imports. This difference is much bigger than justified by the differences in development of the two countries' machine industries, but Hungary's machine import is precisely the instrument which--as a first step--would help us increase our machine sales. We must considerably expand not only the volume but also the gamut of goods of our machine industry exports. The main items at present of the limited Hungarian export selection are electric motors, telecommunication parts, machine tools, and compressors. The key question for further progress is to lay for our market relations a foundation which will provide the framework for the intensive market presence and rational tie-in sales needed in machine trade. In the Italian machine industry, every type of enterprise from family-size small firms to international giant concerns can be found; thus it is worth setting three main directions for our market actions, dealing with differentiated approaches with small and medium enterprises, with state-interest enterprises which are held together in a holding system by the Industrial Reconstruction Institute (IRI), and large firms (for example, FIAT).

In the chemical industry, cooperation can be built on extensive cooperation concerning both the exchange af chemical industry and pharmaceutical industry products and licenses, and the use in Hungary of Italian chemical industry installations (for example, the PAN plants, chlorine electrolysis plant). The dimensions of the chemical industry's means of production determine the size of the enterprise. In this branch, we must concentrate the development of cooperation on a few large concerns. Relations have essentially been established with the Montedison concern, with Snia Viscosa and the State Hydrocarbon Enterprise (ENI).

Infrastructural installations can constitute the fourth center of Hungaro-Italian cooperation. Recently in Italy, the decision concerning a series of infrastructural investments has come under provincial jurisdiction. Thus we can build directly upon the sympathy and readiness to cooperate of the Italian Left present in local administration. One can consider the shipping of vocational training, health, water management and environmental protection installations, mainly as subcontractors for local shippers or with the inclusion of local subcontractors. Based on these deliveries, tertiary market cooperation can also be developed.

Weighing the conditions for getting our exports to the market, we must confront in the next period a dual problem: on one hand, the structural crisis of the Italian economy, and on the other, the particular structure of Hungarian exports to Italy. Some 50 to 60 percent of our exports agricultural products, 30 percent of which fall directly under the effect of the EEC's agricultural regulations, while the remainder is constantly threatened by the Common Market's agricultural protectionism aiming at self-sufficiency, and which endeavors to solve any kind of domestic problem primarily to the detriment of outsiders. A further 30 to 40 percent of our sales belong to the conjuncture-sensitive material and semi-finished product sector, and within this, 4 percent are made up of metallurgical products and textiles whose import Hungary has regulated with the EEC Commission in exchange for adequate supplier's self-discipline. Italy would have the possibility to initiate the expansion of autonmous liberalization but has not used it for years. Since 1974, Italy has raised the existing import quotas only for the given calendar year, but did not consolidate these increases so that the value quotas have fallen off considerably because of inflation. In the next 10 to 15 years, Italy will continue to remain our important economic partner, but will probably lose some of its weight. The key question for further progress is the extent to which it will be possible to up-date the composition of goods of our bilateral trade. The main instrument for this is closer cooperation, and its priority areas can be the food industry, machine industry, chemical industry, and the infrastructure.

Turkey, Traditional Market of Our Machine Exports

In the South European region, our economic relations with Turkey are interwoven by the largest number of contradictions. Not counting Italy, it is in this country that we have the most traditions; the tasks before Turkey's industrialization can offer for a long time a good market for our machine exports, but under the influence of internal party conflicts, investment policy lost ground and swept the country into such ambitious undertakings that its solvency has been seriously put in doubt for a long time. In this situation, the special account agreement reached between the Hungarian National Bank and the Turkish Central Bank offers the possibility to continue bilateral trade. Although the 1974 trade agreement proclaiming free currency payments remains in force unchanged, and although in principle we mutually match items to be paid in free currency in the special account as well, in the given circumstances our possibilities for import set a limit to the volume of our exports, and therefore the balancing mechanism of the clearing prevails.

Machines and installations make up approximately one-fourth of our exports. This ratio is much higher than on any nearby nonsocialist market, and in some years machines accounted for 40 to 50 percent of our sales. In Turkey, a relatively wide selection of Hungarian machines and installations proved to be competitive. We have shipped machine tools, railroad electrification installations, traction motors, electric-arc furnaces, gas-turbine generators, high-voltage breakers, Haldex installations, and lime works.

The export of machinery and complete installations generally requires credits, but considering the present condition of the Turkish economy, the granting of a credit requires careful reflection. Turkey's autarkic industrial policy hinders with administrative means the import of all products whose manufacture has started in Turkey. This circumstance focuses attention on local manufacturing and assembly, the involvement of Turkish subcontractors and the establishment of joint factories in Turkey. Production cooperation with Turkey radically differs from the forms of international cooperation which have developed between Hungary and West European countries. In the Turkish relation, the cooperation involves the export of Hungarian machinery and equipment, and is based on the fact that .or the Turkish partners, the Hungarian technical level represents in certain cases a standard that is higher but relatively easy to achieve and take over. For Hungary, the primary areas for cooperations promoting our exports are in the Turkish energy program, rail and urban transport, mining and mineral processing, and the food industry.

Our interstate contractual relations were placed on new foundations in the middle of the 1970's. The first cooperation agreement between the two countries was also reached in 1977. This contractual situation provides an adequate framework as long as the new obligations accompanying Turkey's entry into the Common Market do not force her to modify her international agreements, in accordance with the EEC's common trade policy. This, however, will take place only after the entry of Greece, Spain, and Portugal. Considering the composition of the market's demand, the level of demand, and taking into account the traditions and geographical proximity, Turkey can be considered as an attractive and perspective buyer's market. The opportunities, however, can and should be utilized to their full extent only when the country's solvency becomes acceptable.

The Impact of Greece Joining the Common Market

In recent times, Greece has had the most dynamically developing economy in the South European region and can also be considered the most stable from a political viewpoint. Her economic relations nurtured with Hungary have become traditional and their traditions go back to the period before World War II. Our trade is transacted on the basis on the 1954 trade and 1966 clearing payment agreements.

The biggest value of the Greek market for us is the high ratio of our machinery sales. Our machinery exports have old traditions, and their main items are city buses, diesel engine trains, portal cranes, electric-arc furnaces, telecommunications installations, power plant boilers and turbo-machine aggregates, as well as machine tools, transformers and medical installations. Thus far, cooperation has been an important factor in our machinery sales. In the future, the significance of closer cooperation will increase, on one hand, because the involvement of Greek subcontractors will improve our chances, and on the other because we can strengthen our situation on the Greek market as it becomes an EEC member by assuming cooperation and, according to the possibilities, capital holdings. For example, the manufacture and assembly in Greece of the steel structure of Hungarian portal cranes has been going on successfully for several years, and the Metallurgical Plant Building Enterprise has obtained a capital holding in the steel foundry operating with its installations.

The primary areas of Hungarian machinery exports and related cooperation have been established in Greece. In the next decade, they are: harbor development, energetics, urban and interurban transport, alumina and aluminum industry, and the expansion of the telecommunication network. We can also count on the continuous import of a few important raw materials only if we participate in the processing in Greece in the framework of some sort of closer cooperation. Resolute Hungarian initiatives and intensive market presence are needed in these areas.

The established structure and balance of Hungaro-Greek trade will be changed with Greece's entry into the Common Market. The entry has reached its final stage, the treaty will take effect on 1 January 1981 and the total abolition of tariffs has been prescribed for 1984. Greece has undertaken an obligation with the EEC for the elimination of clearings. The Hungaro-Greek clearing kept trade in a mandatory balance, which tended to produce a Hungarian surplus. The elimination of the clearing will not only reduce the level of imports, but our exports are also expected to decline. On one hand, the future of large-volume meat deliveries becomes doubtful, considering the EEC's agricultural protectionism, and on the other, the advantageous situation for machines and installations shipped to Greek state organs, resulting from clearing settlement, will cease. On the other hand, our competitive situation in the area of tariffs will also deteriorate with the assumption of EEC customs. Greek-Hungarian economic relations have significantly developed in recent years. Greece's political stability, the dynamic growth of the Greek economy and, not last, the conditions of the particular transitory period immediately preceding the country's entry into the EEC all contributed to this. We have achieved certain partial results in the area of the long-term stability of our market positions, but there is little cooperation, the market organization of our enterprises is still undeveloped, and joint ventures occur only at shows.

Hungaro-Spanish Economic Relations

The dimensions of the Spanish economy, Spain's foreign trade positions in Latin America and Africa, the relative proximity of our countries; technical development outline opportunities for favorable trade relations. Theoretical advantages, however, are still far from being realized and the main reason for this is that we were able to start developing our bilateral relations only much later than with the majority of our Western European partners. Measured against the economy of both countries, the turnover is so low that every business deal can significantly change both the volume of total exports and the internal ratios of the composition of goods. This is what happened, for example, in 1972 and 1978 when we shipped a large quantity of pork. Machinery and installations represent a relatively high portion of our exports to Spain and in earlier years generally accounted for 20 to 25 percent of our exports. The main items of the annual $2 to $3 million worth of trade are machine tools, telecommunication parts, and mining machinery. The composition of goods of our machinery exports is just as undeveloped as that of the trade turnover as a whole.

In the relations between Hungarian and Spanish enterprises, the thought and in some cases the necessity of cooperation does not present itself in the same way as in the case of our traditional West European partners; instead of being built upon traditional trade relations, it is in its early, and even in some cases, initial stage. It results from this that the development of cooperation requires more time and is more difficult than in countries closer to us, while the object and form of cooperation can be selected more freely, and successful production cooperation can significantly affect the growth of trade.

There is no operational production cooperation with Spain yet, but the areas of cooperation have been deliniated and the execution of a few ideas is in an advanced stage. Transport and vehicle manufacturing could become priority areas for cooperation. We could become involved in the development of the Spanish railroads by supplying motor trains, planning projects, and railroad electrification equipment, in every case in cooperation with Spanish firms. Proceeding from the similar conditions and rival positions of Spanish and Hungarian bus manufacturing, it would be worthwhile to examine the possibilities for cooperation. By expanding [illegible] cooperation with FIAT and making use of its lessons, cooperation co[illegible] with the SEAT passenger car factory. We could also become involved [illegible] the assembly and joint development of portal cranes. A partial transfer of light bulb manufacturing, the establishment of a joint enterprise for pharmaceutical industry and the start of the manufacture in Spain of medical installations can be built on existing trade relations. Machine imports, which in recent years have made up nearly 10 percent of our purchases, are an important branch of our imports. Since the main instrument of Spain's industrial development was capital and intellectual property, numerous large capitalist international companies have Spanish interests and license relationships. Thus Spain can offer a favorable alternative as regards a series of West European supply sources. Spain's machine offer is still insufficiently known today among Hungarian users.

At present, Spain does not apply any kind of disadvantageous discrimination against Hungarian goods. Although the process of joining the Common Market will be longer and more difficult than expected, the final result will be a deterioration of the situation of Hungarian exports on the Spanish market. The demand for meat will probably be met by the internal suppliers of the artificially protected Common Market aiming at self-reliance, while the restrictive dispositions of our textile agreement with the EEC will also be extended to our textile exports. These two products accounted for nearly half of our exports in 1979, although meat sales cannot be considered a stable factor. The commodity structure of Hungarian exports will prospectively change. The 10-year Hungaro-Spanish agreement on trade, shipping and transport, and the development of economic, industrial and technical cooperation signed in 1976 will have to be reexamined when Spain's new obligations resulting from EEC membership make this necessary. We must make up for two decades of delay in the economic relations between Hungary and Spain. This will require, among other things, intense trade developing activities. The market organization of Hungarian enterprises is being expanded and up-dated, while chamber of commerce relations are undeveloped compared to the needs and participation at one another's exhibits and international fairs is not satisfactory.

Portugal in the Hungaro-Iberian Cooperation

Portugal is a relatively new market for us and for the time being constitutes a very small part of Hungary's foreign trade. Our exports picked up after the domestic political change in 1974 [in Portugal], but already began to decline beginning in 1976 because of Portugal's serious domestic economic problems. Meanwhile, our imports showed a dynamic growth, particularly our purchases of cork, furred sheepskin, wine and wolfram ore. The trade-creating influence of cooperations can assert itself in Portugal even more strongly than in the case of Spain. Railroad development (electric motor trains and Diesel engines) and harbor development (cranes) can become a priority area for cooperation. Opportunities for cooperation exist in the areas of medical instruments and equipment manufacturing, telecommunication technique, instrument industry, and water purification. These developments are in part linked to similar Spanish development themes (for example, the development of the Iberian peninsula's railroad network), and thus require an integrated cooperation policy and market presence. The cooperation initiatives with Spain can also be advantageously extended in other areas to the Portuguese market (medical installations, for example), while also paying attention to the different characteristics of the two countries.

We signed the first economic treaty with Portugal since World War II in 1975. The 5-year agreement on exchange of goods and economic, industrial and technical cooperation will probably be replaced after 1980 by an agreement already partially taking into account Portugal's prospective Common Market membership. Although the country's entry into the EEC will still require a longer period, this time will hardly be sufficient to make up even in part the forced delay of 30 years in Hungaro-Portuguese economic relations. Our objective is to accelerate progress in a few particularly important and mutually beneficial areas of cooperation.

Transit Endowments of Malta and Cyprus

Malta holds greater opportunities for our exports than one would conclude from the size of the market. The signing of the first trade agreement between our two countries in 1977 was an important step in the development of economic relations. The prospects of our economic relations are provided by the transit market nature of the island country. In the interest of providing employment to the labor force freed from the British military bases closed in 1979, Malta is pushing the establishment of production capacities, using Arab, primarily Libyian, capital for this purpose. It was possible to realize the opportunities existing for Hungary by dispatching a general market research expert, and then by setting up a cooperation office in Malta. The manufacture, for example, of eyeglass frames, scales, and rubber mattresses, can be imagined in the form of a joint enterprise, based on Hungarian procedures and with Hungarian installations. The finished products can be sold to third countries, either directly from Malta (primarily in the Arab countries, eventually within the Common Market), or through the established channels of Hungarian foreign trade.

Hungary has already developed a traditional trade, although at a low level, with the Republic of Cyprus which became independent in 1960. The country's 1974 political crisis interrupted the devleopment of our economic relations. In 1979, Hungary and Cyprus signed a new trade agreement, the most important element of which is the establishment of free currency payments instead of clearing, which widens the maneuvering room for Hungarian exports. At present, the economic development of the republic aims primarily at establishing industrial production plants. In this area, the member countries of the Common Market--for example the FRG and France--are in an advantageous position, with regard to both guidance and financing. For Hungary, it would be expedient to select a few areas suitable for investment, making good use of Cyprus as an intermediary toward the Near East. The opportunities for investments and joint ventures in Cyprus to promote Hungarian exports should be selected through intensive market research, in the same manner as the work carried out on the Maltese market.

2153
CSO: 2500

DEVELOPMENT OF NATIONAL ECONOMIC EFFICIENCY EXAMINED

Budapest FIGYELO in Hungarian No 26, 25 Jun 80 p 3

[Article by Mrs Janos Juhasz: "Development of National Economic Efficiency"]

[Text] It had already become clear by the mid-1960's that extensive development reserves were exhausted and that further progress was possible only by better exploitation of existing resources, or such as could be increased only to a limited extent. A qualitatively different management must be developed in a decade when world economic conditions have clearly become more unfavorable for us. Terms of foreign trade deteriorated by 20 percent between 1970 and 1978. Since the ratio of foreign trade--as is well known--is very important in the Hungarian economy, the losses stemming from the changes in the terms of trade are of considerable magnitude. Both the effects of the accumulated losses incurred thus far and the possible further unfavorable changes in the terms of trade must be evened out by management. Over the long run, there is hardly any other course open to us since our major goal is to stabilize the results achieved in improving living standards, and modestly even to increase these. On basis of this program, losses due to terms of trade can be passed on to the population--as income owners--only in a small way.

According to the Complex Index

Over the short run--temporarily--the unfavorable effects can be countered by the use of foreign sources, but the final solution can be no other than better exploitation of available resources, or improvement of efficiency.

Efficiency improvement has become one of the conditions of our development, and this also elevates the importance and responsibility of statistical observation and measurement.

After long debates, the State Plan Committee accepted that method of measuring which we have used since then in planning and statistics. This "complex efficiency index" places all resources (live and embodied work) committed to production in a given period vis-a-vis the created "yield."

$$H = \frac{N}{1.5\ M + 0.1\ E}$$

where H = the complex efficiency index
N = the net national production
M = the live work investment
E = the means investment

1.5 and 0.1 are multipliers expressing the so-called normative yield expected of the resources in a given period.

Viewing the complex efficiency index as the base and supplementing this with other investigative methods, the KSH [Central Statistical Office] studied efficiency development in the period 1970 to 1978, and, on the basis of preliminary data, to 1979.

In the material production branches, efficiency increased yearly from 1970 to 1978, but the extent of the improvement varied greatly. After the more dynamic growth experienced in the 1970's (an annual 4.3 percent between 1971 and 1975) a slowing down occurred in the latter years of the decade (an annual 2.6 percent between 1976 and 1978).

In 1979, efficiency remained approximately at the level of the preceding year, thus in the material branches the average increase for the 4 years can be put at about 2 percent.

Efficiency, as a consequence of the nature of the index used, depends on the size of the net national production and the live and embodied work used, as well as on the change in the ratios of areas with varying efficiency.

Since the complex efficiency index is in extremely close relationship--directly proportional--with the development of net national production, the slower efficiency growth experienced in the past 2 years cannot be judged by itself. We cannot classify the slowing-down process as a uniformly negative phenomenon, for moderation in the economic rate of growth is the result of a conscious economic political action. The employed manpower and the mass of means accumulated for production can be changed over the short run only in a very small way, and thus the slower growth rate is accompanied regularly by a moderation in the improvement of efficiency as well.

On the basis of the above, it may appear that the slow economic growth and the dynamic improvement of efficiency are contradictory requirements. Over the short run this is true, but looking ahead over the long range, the slower growth is an organic part of that economic concept, the main goal of which is the development of a more modern production structure better adjusting to market conditions which in the final analysis serves a more efficient management.

In examining the change in the efficiency index, I would like to point to an important circumstance--to which I shall return in greater detail later--namely, that for a given period the index matches production yield with the live and embodied work used, but it is not able to express change in the quality and level of the products. Quality improvement, to be sure, must also be expressed in the price of the products and although this influences the development of the yield, these effects are not reflected in the formation of the efficiency index because we evaluate all the factors of efficiency at unchanged prices, and thus we automatically filter out the price changes. (In the present case, the evaluation is at 1976 prices.)

After these things, it appears obvious that it would be more correct to do the calculations at current prices. It is true, indeed, that current prices would express our ability to manufacture products that are of better quality, more modern, and thus marketable at better prices, but at the same time such price changes could also affect the development of the efficiency index as are not related to quality. In this case, if we manufacture the same product with the same live and embodied work, but raise the price, the efficiency index will improve, and thus to improve efficiency it will be sufficient to raise prices. Evaluation at unchanged prices approximates the actual changes in efficiency better than if we were to use current prices.

Taking the factors which effect efficiency change one after one, outside of net production accounted for as yield, the magnitude of the live and embodied work influences the change of the index. In the period under study, the live work investment remained essentially the same. In addition to the unchanged manpower, we must also take into account that between 1971 and 1975 we reduced the compulsory working time for almost 1.5 million workers, and thus in the final analysis the live work investment in the material production branches remained essentially unchanged (in 1970 it was 181.9 billion forints, and in 1979 it was 181.6 billion).

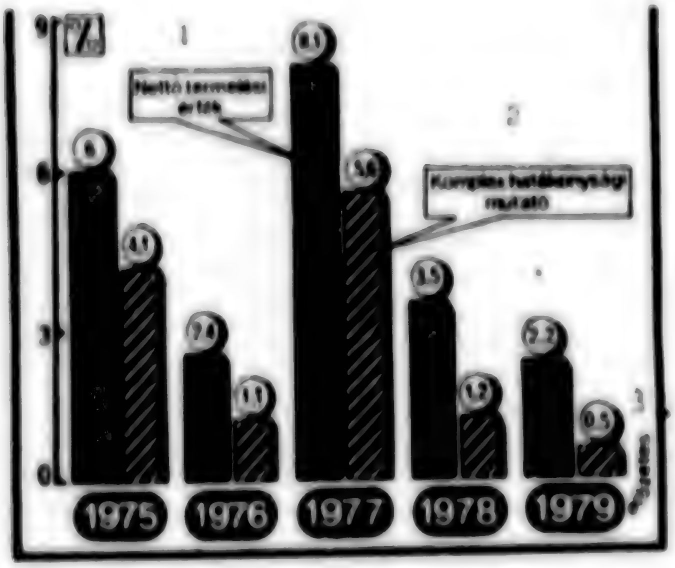
Productivity and Means Efficiency

The complex efficiency index can be separated into partial efficiency indexes, which evaluate the use of resources separately by source. Productivity, which expresses the efficiency of live work, is given great emphasis in the analysis.

In the period between 1970-1979, productivity increased dynamically by 59 percent, and net production by 58 percent.

The fact that in practice production volume increases annually with the same amount of manpower can in itself lead to mistaken conclusions. Since net production and productivity increase at nearly the same rate, we frequently meet with the idea that "the source of the increase was the improvement in manpower productivity." The complex efficiency index is a suitable means for showing what in fact the increase of productivity cost, or with what investment of means we achieved the production increase. In the period under study, the means investment--as a consequence of the high accumulation rate--increased rapidly (66 percent) at a rate exceeding the production increase, which resulted in the fact that means efficiency hardly changed, in fact in 1979 it was lower than in 1970, the first year of the period under study.

Change in Net Production Value and Complex Efficiency in Branches of Material Production



Key: 1. Net production value
2. Complex efficiency index
3. 1979, preliminary

Development in the Stock of Means and Means Efficiency in the Material Branches

	Eszkozok atlagos allomanya*[1] milliard[3] Ft-ban	Eszkozok atlagos allomanya*[1] szazalekban[4] 1970 = 100	Eszkoz-hatekonysag valtozasa[2] 1070 = 100
1970	1037	100,0	100,0
1975	1369	132,0	102,2
1976	1418	139,6	98,9
1977	1539	148,4	100,7
1978	1642	153,3	97,8
1979**	1717	165,6	95,6
Atlagos novekedes[5]			
1971-1975 kozott[6]		+5,7	+0,4
1976-1979 kozott[7]		+5,8	-1,5

---

*Alloeszkozok netto erteke, befejezetlen beruhazasok es a keszletallomany egyutt.[8]

**Elozetes adatok.[9]

Key:
1. Average stock of means*
2. Change in means efficiency, 1970 = 100
3. in billion forints
4. in percent, 1970 = 100
5. Average increase
6. between 1971 and 1975
7. between 1976 and 1979
8. *Net value of fixed assets, together with unfinished investments and inventories
9. **Preliminary data

The stagnation or worsening of the means efficiency is related to the fact that in the first 3 years of the Fourth Five-Year Plan and the Fifth Five-Year Plan periods, accumulation grew at a faster rate than production. This indicates that the increasing embodied work investment was not accompanied by the expected production increase, and in large part had to make up for the stagnating or declining volume of live work. Between 1971-1975 the average increase in net production was 6.2 percent and net accumulation 7.7 percent, but between 1976-1978 the value of the two indexes was 4.7 and 14.1 percent respectively.

The Requirement for Structural Change

In 1979 a change occurred as a consequence of the cutting back of accumulation demand. The modest, 2-percent, net production increase occurred along with a significant 34-percent reduction in accumulation. (It must be noted, however, that this came after an exceptionally high 35-percent increase in the previous year.) Despite the 1979 decline in accumulation, the means efficiency index continued to deteriorate in the same year. The deterioration, as compared to the year before, was 2.2 percent. The reason for this is that in measuring means efficiency we calculate the average stock of means, and thus the extremely large stock at the beginning of the year also affected the development of the index.

In summary, the improvement of the complex efficiency index in the past 9 years has not attained the growth rate of net production, in fact it has lagged substantially behind because the improving efficiency of live work did not counter the effect of the worsening means efficiency.

Development of the Resource Structure and the Efficiency Index in 1970 and 1978

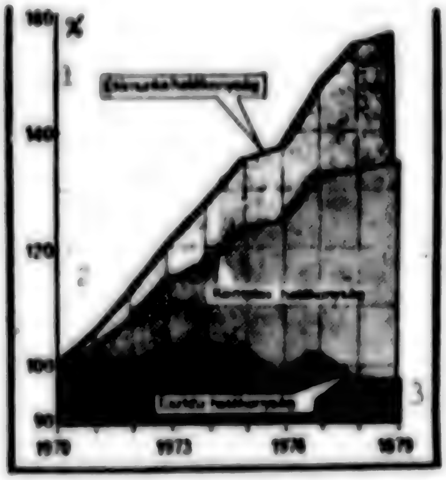
Nepgazdasagi ag[1]	Eroforras-szerkezet[7] szazalekban		A komplex hatekonysagi mutato indexe[8]
	1970	1978	1978/1970
Ipar[2]	36,0	37,7	139,3
Epitoipar[3]	8,4	8,7	136,6
Mezogazdasag, erdogazdalkodas[4]	33,0	27,9	126,0
Tobbi agak[5]	22,6	25,7	119,8
Anyagi agak[6]	100,0	100,0	133,3

Key: 1. Economic branch
2. Industry
3. Construction industry
4. Agriculture, forestry
5. Other branches
6. Material branches
7. Resource structure, in percent
8. Complex efficiency indicator index

The source of an improvement in complex efficiency may be a favorable direction of change in the structure of the economy. As a first step, we shall examine the efficiency-shaping effect of a structural change on the main economic branches.

Between 1970-1980, the change in the complex efficiency index in certain branches of material production was rather variable in extent. Increases which exceeded the average (33.3 percent) occurred in industry (39.3 percent) and in the construction industry (36.6 percent). Agriculture, forestry, and other material branches lagged behind the average.

Development of Complex and Partial Efficiency Indexes
(in total material branches)



Key: 1. Live work efficiency
2. Complex efficiency
3. Means efficiency

From the development aspect of the complex efficiency index (aside from other considerations), the change that occurred in the structure of the resources was favorable. It was advantageous that industry and the construction industry, which are of higher efficiency and which exceed the general efficiency growth, grew in resources to a greater degree than the other economic branches. These positive effects were partially countered by the increase in the share of other, nonmaterial resources, where both the absolute value of the efficiency index and the rate of growth remained below the average.

Finally, the shift in the favor of the branches with greater efficiency improved the efficiency of the material branches--if only to a modest extent--by 1.7 percent in the ratios of their resources. (Without a change in the structure of the resources, complex efficiency would have increased by 31.1 percent.)

Naturally the structural change had an effect on the efficiency development in the smaller aggregates of the national economic branches as well (in branches, special branches, and so forth), but the analysis thereof exceeds the limits of this article.

In examining complex efficiency, the foreign trade prices must be judged in a characteristic mode, since a change here means an actual profit or loss for the economy. To put it another way, an important point of view in judging efficiency is how we can realize our products in foreign trade exchange.

The terms of foreign trade have been worsening since 1973, that is, some of the additional products we achieved by increasing efficiency we have lost in international exchange. Our calculations show that if we correct the complex efficiency index with the losses deriving from deterioration in the terms, then one-third of the efficiency improvement yield "was taken away" by the unfavorable, for us, change in exports and imports. (We did these calculations in 1970 prices since these are suitable for showing the full effect of the "price explosion.")

The losses were even more significant in years when the terms of trade worsened to a greater degree. In 1974 and 1975 the surplus deriving from efficiency improvement and the loss due to terms of trade were about equal in extent.

6691
CSO: 2500

ECONOMIC RESULTS IN FIRST 5 MONTHS VIEWED

Budapest FIGYELO in Hungarian No 25, 18 Jun 80 pp 1, 3

[Report by Mrs Ferenc Nyitrai: "The First 5 Months--Differentiated Growth, Dynamic Exports"]

[Text] The people who work in the various areas of our economy knew very well at the end of last year and at the beginning of this year that we were facing a difficult year that would "test" us in many ways. Earlier experience showed that a tighter system of regulations, the development of the price system and price mechanism, and a strengthening of standards and consistency are all necessary. This is what justified the 1980 introduction of some significant changes. The management organizations became acquainted with the changes at the end of last year but saw them in practice only at the beginning of this year. The first few months showed the possibilities and limitations of the new regulating system; the unfolding required several months.

In the knowledge of the data and experiences of the last 4-5 months, however, we can already draw a rough picture of the most important tendencies that characterize the first half of 1980.

Insignificant Drop In Terms of Trade

Most of the processes forecast in the 1980 plan are recognizable in the data of the year's first 4-5 months. The dynamic increase of exports is a decisive and seemingly lasting tendency; calculated in current prices, total exports exceeded the exports in the first 5 months of 1979 by 5.6 percent, and in nonruble accounts by 20.5 percent. A major part of this increase was made up by materials, semifinished goods and parts; we were able to export these at favorable prices and in larger quantities. Accordingly, exports of materials, semifinished products and parts exceeded exports in the same period of last year by 42 percent.

The increase in nonruble machine exports was also signficant, amounting to more than 24 percent. This is especially significant if we consider that this dynamic increase was achieved with less specific imports from capitalist countries.

Our nonruble imports were about 8 percent less than in the first 5 months of last year. The indisputable improvement of our management is corroborated by the fact that the value of all energy imports was only 5.5 percent higher than in the first 4 months of last year, and much lower in nonruble imports. We imported fewer machines from capitalist countries, and the relative value of our imports of materials, semifinished products and parts was 15 percent higher while their volume was essentially the same as last year.

It is also characteristic of the first months of the present year that the drop in terms of trade in nonruble accounts was insignificant, amounting to only 0.6 percent.

A major part of the increase in exports was made up from the production of the industrial enterprises. The industry achieved this increase without an increase of output; indeed, its production was slightly lower than in the same period last year. Although this means that the planned increase was not achieved, we must not forget, however, that the 1980 plan reflects the aim according to which the competitive enterprises and branches that are able to sell their products with profits should develop faster than the average while those not being able to compete should be allowed to increase their production more slowly. This differentiation of the enterprises was accompanied by a stagnation of industrial production. There was a significant differentiation in the first 5 months of the year between the various industrial branches and between the various enterprises.

The earlier years were characterized by a narrow differentiation of the production indexes of the individual industrial branches. This differentiation was generally within 12-16 percent during the years from 1976 to 1979. In the first months of this year, the differentiation of the branch indexes was significantly wider: the difference between the lowest and highest index values was 26 percent. The increase of the gross production index was most significant in the construction material industry and in the electric power industry. The metalware industry showed the greatest slowdown.

These data are not yet sufficient for drawing far-reaching conclusions about this year's production, for the rest of the year will give us ample opportunities to make up for the backlog. This is expected to happen in the branches of the machine industry, especially, since not only the production but also efficiency has declined in certain areas. This was undoubtedly due to the indecisiveness at the start.

Work efficiency in industry, calculated for the individual employee, has increased only 1.3 percent. There was a significant increase, 10 percent, in the paper industry, followed by the textile industry with an increase of 8 percent. The machine industry showed both a 2-3 percent increase and a significant decrease in productivity.

Diminishing Stocks

As it is well known, the fixed assets at the industry's disposal have further increased by 10 percent--calculated in the current-price value of the fixed assets--and this means that the capacities at disposal at the start exceeded those of last year by nearly 20 percent in the food industry, 12 percent in the chemical industry and an average of 9 percent in the machine industry. However, the use of capacities can be increased only through a suitable product structure, which has not yet been developed by many enterprises. Therefore, a further decline of asset efficiency is expected during the course of the year.

We can say that the year started with good stocks. It is well-known that the large 1978 stock increase was followed by last year's significant stock reduction. As a result of somewhat better material management and consistent central management, the stocks of the industrial enterprises have been further reduced in the first quarter. The reduction was most significant in metallurgy and the machine industry, somewhat less in the chemical and light industries. It must be emphasized that many companies still have plenty of surplus stocks.

It is worth noting that while the stocks of materials were being reduced, the value of the enterprises' own stocks was 13 percent higher at the end of the first quarter than at the beginning of the same quarter. A significant proportion of this increase was made up of stocks that accumulated because of the slow start of the first 2 months, stocks in the making but not yet delivered.

For instance, the value of semifinished and unfinished stocks increased 22 percent in the machine industry and 33 percent in the chemical industry, and the stocks of finished products to be sold increased as well by more than 30 percent in both branches. These are the surpluses that may speed up the increase of production and sales during the coming months, presuming that the acceleration will benefit profitable exports or supplement nonruble imports.

The Industry's Stock of Orders

The movement of the stock of industrial orders plays a significant role in the assessment of this year's tendencies and possibilities. The movement of this stock during the first quarter was discussed several times in the columns of the FIGYELO.*

With reference to both foreign and domestic trade, the industrial enterprises' stock of orders was much more favorable at the beginning of the second quarter than at the beginning of the year. The volume of ruble and nonruble deliveries for the second quarter is the same as in last year's quarter, and the volume of orders accepted for the second half of the year in both relations of foreign trade will be higher than last year. The number of domestic orders accepted for the second quarter is about 3 percent lower than last year's number but this datum is also more favorable when compared with that at the beginning of the year. The volume of orders accepted for investment purposes continues to decrease; in the second quarter of this year it was more than 10 percent lower than in the same period last year, partly because of the fact that investment funds are scarcer now than were last year.

---

* See in more detail: FIGYELO, No 15, 1980.

The favorable phenomena of this year's start include also the fact that, in spite of stagnating production, profit tendencies are mostly in line with those prescribed in the plan. Although we must have reservations with regard to the data of the first quarter's balance and although the re-priced 1979 basic data are not reliable either, still, the data may be used for approximate information. According to this information, the industrial branches may be put in three quite different groups as far as their profits are concerned.

The Profit Trend

The first group includes the branches that produce basic materials and energy. The rate of operating surplus of these during the first quarter, according to the balance data, is slightly higher than the 1979 average--if profit is calculated in net ratios of assets and wages. This group includes mining, the electric power industry, and metallurgy.

The second group includes the branches of the processing industry, without the food industry. Profits in these branches have been significantly more moderate, since the prices of raw materials increased faster than it was foreseen at the time of pricing, and since the competitive pricing that followed the exports influenced the amount of sales--and thus profits. There was a significant decline in the branches of the machine and light industries. The chemical industry showed less of a decline.

The third group includes the branches of the food industry. Expressed in percentages of net value of assets and wages, their profits increased from last year. This resulted mainly from the fact that the food industry's sales receipts of nonruble exports were relatively high and that the prices of raw materials--which come primarily from agriculture--did not increase as much as the prices of imported raw materials. There is no apparent connection yet between the productivity and profitability of the individual branches and enterprises.

Fewer Constructions.

The construction industry's output, relative to last year's output, was lower in the first 5 months of the present year; in the contracting industry, the decrease amounted to 3.5 percent--as opposed to the 1.3 percent decrease that was planned for the whole year. The largest decrease, more than 5 percent percent, came in civil engineering; the fastest increase, nearly 4 percent, came in the production of the professional and assembling industries. The differences between the various contracting organizations are significant.

Among the high-priority tasks, the pace of apartment construction has speeded up; the contracting organizations finished 11,200 apartments in the first 5 months of the year, 3 percent more than in the same period last year.

It is well-known that, primarily because of sluggish investment activity, the demand for building has not grown as fast as in previous years. The construction industry had fewer orders at the end of April, 1980, than at the same time last year; a smaller part of these orders were for work to be completed in 1980, and a larger part will tie up some capacity in the coming years. A market of customers is being established although we are still far from a balance of demand and supply. The earlier tendencies have stopped, however, and the progress is favorable.

The favorable effect of the changes in demand and supply is also reflected by the fact that significantly fewer new buildings were started this year than last year and it became thus possible to decrease the finishing time of projects already in progress. The construction industry's decrease of production did not entail a justified decrease of the labor force; the per capital productivity in the contracting industry increased only 0.6 percent in the first 5 months of the year although the industry, which is adequately mechanized today, has more reserves than that.

Wages and Salaries

The first few months of the year were not a peak period for farming. The purchases and sales of livestock has increased; within that, sales of hogs have increased 6.2 percent in comparison with the first 5 months of last year. This resulted in a significant increase of exports of meat stocks and meat; most of these exports were directed to capitalist countries. It is especially favorable that the exports of processed meat have further increased while the exports of meat stocks have decreased and thus better realization of the domestic work was achieved at a higher processing level. Despite the increasing exports, domestic supply of these products was uninterrupted.

The investment situation was also favorable at the beginning of the year: the volume of state investment has somewhat increased, as planned, while enterprise investments have significantly decreased. The value of machines imported from socialist countries was 9.7 higher than last year while the value of those coming from nonsocialist countries has decreased 30 percent. The value of domestic machines also decreased about 16 percent. The price level of investments was also as planned, which means that prices were lowered although the price decrease during the first 5 months did not reach the average of 5 percent that was planned for the whole year.

In all aspects, the year's beginning was characterized by moderation; this is also true with regard to wages and salaries. The average pay of employees in the material branches of the socialist sector was 3.1 percent higher than last year (without the pay supplements for the price hike). The increase was higher in efficiency wages. The pay increase was relatively higher, 4.1 percent, in transportation and communication; the increase of the average pay was 2 percent in the construction industry, 3.2 percent in the industry, and 2.8 percent in trade. In the management of water supplies, the average pay did not increase. Wage increases were more differentiated: the increase of the average wages was [illegible] percent in transportation and communication, 4.1 percent in industry, 3.[illegible] percent in the construction industry and 4 percent in trade. In the management of water supplies, wages did not increase either. A faster increase of wages and salaries in the rest of the year will depend, of course, on a faster increase of output and efficiency.

Experience during the first 5 months, then, shows that the enterprises are reacting to the changes in the regulating system and, at the same time, calls attention to the areas where the changes still are not adequate. The most conspicuous of these are in human labor and asset efficiency. The price mechanism must be orineted toward a direction which will encourage the unfolding and dynamic development of more efficient activities.

9414
CSO: 2500

HUNGARY

EXPERIENCES WITH NEW PRICE MECHANISM NOTED

Budapest NEPSZABADSAG in Hungarian 2 Jul 80 p 10

[Article by Laszlo Racz, main department head of the National Material and Price Control Board: "The New Price Mechanism in Practice"]

[Text] The year 1979 and 1980 has been highly important in the development of the Hungarian price system. In this period we have taken, and are taking, definite steps toward putting industrial prices under the direct control of competitive international prices (for us, standard foreign trade prices); and consumer prices--above all the prices for industrial items and foods--we are bringing in harmony with producer prices.

In wake of the changes that have been carried out, the unity of the price system has been improved. With the coordinated price changes in industry and areas outside of industry, the entire price system is better at mediating influences on our economy to the producer organizations.

The effects of the new price and financial system on enterprise management began to appear in 1979. In preparing for the competitive price system, the enterprises began to examine their export-price policy, and they became more cautious in their investment decisions because of the decline in normative profits. Industrial enterprises became more sensitive to world market processes; in making their purchases they are careful to see that they only demand the actually necessary volume and quality of raw and basic materials, parts and so forth.

Thus far during this year favorable changes have occurred in the relationship of industry and foreign trade: the development of mutual-interest association forms has been accelerated, and the information ties of industrial and foreign trade enterprises have also improved. In combined response to price and financial regulators, there are initiatives to bring about economy in imports and to realize material-saving programs; cost sensitivity is increasing, and price negotiations are stronger. As compared to before, the export-price policy of the enterprises has improved because this also affects domestic prices and the profitability of domestic marketing.

Producer Prices

Industrial producer prices rose 15 percent on 1 January 1980 in such a way that the prices for finished products decreased somewhat while energy and material prices increased. Maintaining the price level of finished products despite rising material prices was made possible by a reduction of the taxes included in production and a limitation on the calculable profit. According to our experiences thus far, by far most enterprises charge prices that have been in accord with the guidelines, and only in several cases was it necessary to make corrections. The orders made it possible for the enterprises to carry out their own corrections until the end of April if they found subsequently that their prices were not in harmony with the guidelines for the change. In such cases, the enterprises had to modify their prices and reimburse the buyers. The official review, with the evaluation of the first half-year of balance reports, will be completed in the third quarter of the year; it will be at this time that the coordination of the new price system with the goals of the Sixth Five-Year Plan will be completed.

During the first quarter of 1980 there was, practically speaking, a price halt in effect for industrial producer prices. Thereupon the price mechanism which adjusts continuously to foreign trade prices, after the lifting of the price halt, came into effect as of 1 April. Simultaneously, the producer prices were again changed, since with the end of the previous year considerable changes occurred again in world market prices (that is to say, the domestic prices which came into effect in January were based on foreign market prices which developed in the third-fourth quarter, or were anticipated). A 5-percent decrease in the exchange rate for capitalist currencies significantly moderated the inflationary effect of world market prices, to be sure, but the producer price level as compared to March still increased about 3.5 percent (this included, with a great spread, an average of 10 percent for material and energy prices and about 2 percent for the products of the processing industry).

The price changes outside the industrial branches which occurred when the industrial price formation mechanism was started caused only a relatively small price movement (for example, commodity delivery rates were increased). The increases in the prices in agriculture or for basic construction materials and for materials were not passed on. For this reason there was a temporary need for financial supports.

Profit Formation

The profit component of producer prices generally in every branch is in accordance with the plan. According to industry data for the first quarter, profit came to only 6 percent as compared to the capital-use tax and wages, but according to our experience, profits in the first quarter of the year--because of a number of temporary factors--is at times lower than the average for the year. For this reason and because management efficiency may be expected to grow during the year, it is likely that in industry and the other economic branches as well, a profit rate of 9-10 percent, which is in accord with the plan, will be characteristic. In general, this ratio is lower than what was realized in 1979. The fact that there is only more limited opportunity for the expansion of production--in the most economic areas--is expressed in the decrease of the profit level.

There are some enterprises under the new price system whose capitalist export results are very low, in fact they show a deficit. If this proves to be permanent, the enterprises concerned will also have to reduce their domestic prices accordingly. Since the rules allow a 1-year breaking-in time, in exceptional cases 2 years, for adjustment to the export price level, the enterprises concerned have already begun working out the necessary measures. For other enterprises--where the first quarter profit is low--the called for harmony between domestic and export prices can be created by reducing costs or increasing export prices. In the case of some enterprises, a low profit, or even deficit, for the first quarter is of a temporary nature, and will not be characteristic, according to the calculation of the interested parties for the whole year's activity.

On the basis of information available thus far, the picture is not yet sufficiently clear whether the profitability level of the enterprises is in harmony with the regulation concept, that is, whether in its trend it expresses management efficiency (in industry, efficiency measured by international standard). For this, we need more than a quarter's experience. Inappropriate prices must be corrected in the second half simultaneously with the conclusion of the correction period.

Consumer Prices

The consumer price changes related to the realization of the new price system--and accompanied by significant increases in the consumer price level--were put into effect in July 1979. In connection with the producer price change, a consumer price increase--in some cases decrease--of relatively less importance took place in January 1980. Taking this also into account, the consumer price level rose 3.7 percent this year following the 1980 measures or the midyear market changes.

In the first quarter of 1980, the consumer price level was 1.1 percent higher than it was in December 1979. Aside from the relatively high prices of seasonal agricultural items, this is in accordance with the plan.

The material and energy price increases which occurred in the producer branches had a smaller effect on the increase of material prices on the consumer price level of finished goods, among other things because at this time it coincided with the correction of the starting price at year's beginning, and moreover because the state budget countered the cost increases for fuels, foods, construction materials and transport for the population with financial supports. A reduction in the sales tax on clothing products and the reduction of the sales tax on furniture to the normative 11 percent moderated the increase in the consumer price level. Taking all these things into account, the consumer price level increased 1.6 percent at the end of April.

According to the rules of the new price mechanism, prices were also reduced on those consumer items where it was justified by the foreign market price. Thus as of 28 April, the consumer price on several kinds of coffee was reduced. The consumer price for tea was also reduced by 20 percent on the average. The price level for stockings, socks, and panty hose was reduced in accordance with plan goals. Also, in connection with world market price changes, studies are being conducted for the reduction of other consumer prices as well.

Control, Information

Tighter official price control is necessary when the new price mechanism is being introduced because the authorities and enterprises have had no practice in applying the new rules of price formation. There is a special problem in judging when the foreign market price changes express permanent economic changes which should be followed in domestic prices.

In the second half of the year, the other organs of price authorities and economic guidance must for the most part investigate whether price formation adjusting to foreign trade prices helps appropriately in the development of a competitive production and export structure, increased economic exports, and rational import management.

In connection with the development of the price system, we must also study over the long range how we can broaden the realization area for price formation adjusting to foreign trade prices. That is, we must study how we can realize a price and price mechanism which gives better incentive than the present one to energy and material savings and to modernization of the production structure in branches which still work with a prime-cost type of price formation, primarily in the food economy and the construction industry.

We must intensify our efforts at reducing the price bureaucracy in view of the fact that with the introduction of the new price mechanism the difficult and complicated methods for performing calculations, stock reevaluation and other technical tasks have scarcely changed. By their modernization, we can see to it that a greater administrative demand will not be linked to the changing prices than was the case in price formation up to now. In accordance with our price policy goals, we must improve the population's information by advertising price changes which affect a wide circle of consumers and by making public price control experience.

In summarizing the experience, we can say that the economy and our society received the new price system in a prepared manner, and this is also evident in the results. In the future it will be necessary that we consistently apply the operational principles of the price and regulatory system, correct mistakes in time, and realize in every area of work the defined requirements in the economic plan.

6691
CSO: 2500

HUNGARY

RETAIL TRADE, CONSUMER GOODS SHORTAGES EXAMINED

Budapest MAGYAR HIRLAP in Hungarian 2 Jul 80 p 7

[Article by Eva B. Meizei: "The Population's Retail Goods Supply"]

[Text] The presidium of the Trade Union of Workers in Commerce, Finance and Catering Industries, [KPVDSZ] held a meeting on Tuesday, at which a discussion of the first half year's supply of goods was on the agenda.

Zoltan Mikolai, economic and wage category director, in his opening remarks, stated that during the first 5 months of the year retail trade was 130.6 billion forints. This is 12 percent higher than the previous year, but in quantity--taking price changes into consideration--it was, however, 0.5 percent lower. During the same period, the population's income rose 11.9 percent.

Uneven Supply of Goods

The demand, which decreased in April and May, especially for clothing and miscellaneous consumer goods, was uneven. One reason for this was the preemption which took place at the end of last year. The quality and selection shortages of the goods supply led to periodic fluctuations in retail trade. The decrease in the proportion of imports, or rather, the delays in intercountry negotiations, also contributed to the situation. Domestic industry, partly because of base material shortages, and partly because of its partiality to exports, did not compensate for it. The unusually low initial supply also hampered the situation. Because of the price changes, the population became more sensitive to quality. The goods supply, because of more difficult economic conditions required more operative measures this year.

Overall, the selection of foodstuffs is satisfactory. The population's demand, primarily in meats and meat products gravitated toward the cheaper items. Trade in poultry increased. Quantity and selection shortages appeared in frozen foods, canned goods and confectionary products. Fresh fish became a constant shortage item.

The supply of household chemical goods was also irregular. Periodically, certain dishwashing detergents, household paper goods, shoe polish and the newly introduced and publicized green apple scented washing and cosmetic preparations were not available.

Catering industry business fell off despite many enterprise efforts to offer cheaper meals, and their endeavors to adjust their business policies to the new conditions.

The clothing business was also uneven. The merchandise items, which were reduced in price by the 7 January 1980 production price changes (for example, combed and woolen-synthetics items) were quickly sold out, but further supplies never appeared. In addition, there were quantity and selection shortages in knit outerwear, cotton underwear, children's shoes, comfortable but less stylish women's shoes, draperies and carpets. Since the April price reductions, hosiery also became a shortage item, but the summer seasonal merchandise selection, diversified by Indian and Pakistani imports, improved.

A feature of contract relationships was that the buyer's position weakened. Stores are forced to sell what they receive and when they receive it. Industry, primarily enterprises which manufacture clothing and chemical industry articles, are unwilling to enter into contracts, citing the shortage of base materials as reason. These problems are impairing the possibilities of projection in business, and are endangering the interests of the economy. It has happened that the model selected on the exchange was produced and shipped made of different materials, and with different properties.

Still Last Year's Prices on Products

Certain enterprises which enjoy a monopoly status (for example, the beer industry) continue to be unwilling to enter into contracts. Significant underfulfillment is primarily characteristic of the clothing industry. Business enterprises utilized penalties more boldly than before, but were still unable to improve the market balance significantly.

With the introduction of the new price system, price monitoring has become more complicated and more difficult, while at the same time, its social importance has increased. The price policies of business enterprises must be scrutinized, and comparisons must be made between the harmony of prices and the national economic plan's, goals for the standard of living between the proportionality of purchase prices and the utilization values of the products and the prices of similar products.

Experience with price monitoring thus far indicates that in certain cases prices are not in proportion to demand, utilization value and world market price of the products. (For example, the price of shoes with synthetic uppers is high compared to all-leather shoes.)

Price changes are made with unnecessary frequency, and often minute, insignificant price adjustments cause much extra work for business, while also providing the possibilities for errors. The old price still appears on the industrial packaging of certain foodstuffs which are included in the 23 July 1979 official price changes. Business does not always accept the price recommendations of industry, but utilizes price adjustments more and more often in its pricing policies.

At the KPVDSZ secretariat meeting, it was emphasized that we must endeavor to establish quarterly, semiannual periodic price stability. Also to be accomplished is industry's marking foodstuffs with prices which are valid at the time the products are placed on the shelves.

9093
CSO: 2500

HUNGARY

COMPUTERIZATION IN MINISTRY OF TRANSPORTATION, POSTAL AFFAIRS SURVEYED

Budapest KOZLEKEDESI KOZLONY in Hungarian Nos 23, 24, 8, 15 Jun 80

[Article by Geza Takacs: "The Status of the Use of Computer Technology in the Area of the Ministry of Transportation and Postal Affairs"]

[No 23, 8 Jun 80, pp 412-415]

[Text] General Survey

Government Resolution No 2038/1971 (XI.28.) originally approved the chief goals and prescriptions of the Central Computer Technology Development Program (SZKFP) pertaining to the Fourth Five-Year Plan.

One very important development goal of the program was to develop computer technology applications in the economic branches. Thus the government resolution prescribed that the ministries and organs with national authority affected should prepare for their branches--in harmony with party and government resolutions pertaining to the development of the organizational level--middle range developmental plans for the use of computer technology, should work out their longer range computer technology conceptions and should establish a computer technology applications committees (SZAB) at the ministry or authority level to guide development and to ensure branch level coordination.

In accordance with the requirements of the above mentioned Government Resolution No 2038/1971 the Ministry of Transportation and Postal Affairs (KPM) formed its Computer Technology Applications Committee in 1972, worked out middle range branch developmental plans for the use of computer technology in the sub-branches of the KPM and worked out a long-range computer technology conception for the KPM which was approved by a Ministerial Conference in 1973.

Within the framework of an analysis of the execution of the goals for the Fourth Five-Year Plan and a determination of the tasks for the plan period 1976-1980 the Ministry evaluated the computer technology development of the ministry and its sub-branches.

The timely tasks formulated (in 1977) in connection with the development of computer technology in the ministries as part of the Fifth Five-Year Plan of the SZKFP brought a modernization of the computer technology conception of the KPM, the use of more effective forms of branch developmental guidance and control and the setting of longer-range developmental goals in harmony with the tasks falling on the branch. Thus the ministry and its sub-branches reviewed the status of computer technology use and the progress of development.

It was established that computer technology was being used by the sub-branches (enterprises and institutions) of the KPM in the areas of management mechanization, the development of individual information systems, operations research, technical-scientific and technical planning calculations and--to a smaller degree--process control. There are significant traditions in the area of the MAV [Hungarian State Railways] and the Post Office in regard to data processing and management mechanization. A developed middle level of mechanization characterized these areas earlier.

The survey also established that the computer technology activity of the sub-branches in general had become better organized and that the base institutions had been formed. It could also be established that there was no special reason to modify in a fundamental way the earlier conception of the ministry; but a concrete task plan did have to be developed to execute this conception during the Fifth and Sixth Five-Year Plans. Of the conceptual elements made more precise and expressed in more detail in the task plan we should stress the following:

A more developed standardization of sub-branch processing tasks and better coordination would significantly aid a better utilization of machine capacity.

The number of people in the area of the ministry dealing with the use and development of computer technology as their chief mission came to about 3,000 people. The experts are concentrated in the computer technology bases of the sub-branches (MAV-SZU, PSZSZI [Postal Computer Technology and Organization Institute], VOLAN-Elektronika, UTORG and UVATERV [Road and Railroad Planning Enterprise]). There is also a gradual development within the LRI [Air Traffic and Airfield Directorate], MALEV [Hungarian Air Transport Enterprise] and HUNGAROCAMION [international automotive transport enterprise]. The professional composition of the personnel is suitable for carrying out management mechanization tasks but a significant qualitative change would be needed to carry out the middle-range or long-range tasks (experts in operations research, process or system organization, program development etc.).

The computer programs and software existing in the area of the branch represent a very significant value. There is not yet coordinated program development, cooperation or the exchange of knowledge within the branch.

Different levels characterize the status of computer technology use and the developmental plans of the enterprises and institutions. The limitations on developmental funds and the fact that the variety of tools which can be acquired is not uniform makes took acquisition plans quite uncertain.

Sub-Branches and Enterprises

A picture of the execution of the Computer Technology Conception of the KPM in the Fifth Five-Year Plan can best be obtained by reviewing the progress of the sub-branches in this area and the realization of the central goals. This can be summarized--briefly--as follows.

Rail Transportation

Developed middle level mechanization was characteristic even earlier of the MAV management activity and record keeping activity connected with traffic. A good basis for this was provided by the fact that they began to use electronic computer technology as early as 1961.

In the various areas of management and traffic organization the processing of large volumes of data already characterizes the results achieved in the area of management mechanization; this is especially true of materials management, calculating freight delivery performance and fees, passenger counter payments, fixed asset records, traffic and traction statistical systems, etc.

Supported by the technical base formed by recent machine acquisitions the computer technology achievements of the MAV in the area of economic guidance now are:

The MAV processes about 32 million documents per year; the documents are put on computer data carriers daily, monthly or quarterly:

--In the area of freight handling they process 12.2 million documents per year involving domestic and international bills of lading and car accounts. Every day they prepare accounts for several thousand enterprises and they prepare collections for the National Bank. This work also includes freight handling receipts.

--In the area of passenger traffic they process about 3.9 million documents as part of the monthly accounting and auditing of passenger counters.

--Accounting for traffic and traction output in connection with rail transportation represents the processing of about 6.4 million documents.

--In connection with MAV material management they process 6.5 million material movement documents, ensuring monthly accounts and statistics for the MAV material use which comes to 6.6 billion forints.

--labor affairs data for the 140,000 workers of the MAV are processed individually on a monthly basis and pensions are paid monthly to more than 100,000 pensioners.

--Data on the fixed assets of the MAV, representing 200,000 items with a value of about 120 billion forints, are processed quarterly to satisfy the need for information on finances and technical maintenance.

Beginning at the end of the Fourth Five-Year Plan--while perfectly satisfying the needs connected with the computer solution of economic guidance tasks--the development of computer systems for railway operational guidance (automated guidance systems) gradually came into the foreground. In accordance with this they began to develop the Border Traffic Information System which processes data on cars crossing the border in or out and they developed a microcomputer marshalling yard system at the Komarom station.

By taking into consideration the initial experiences acquired in the course of planning, working out and implementing computer systems for operations guidance they defined the MAV long-range computer technology development conception in the area of transportation guidance.

The conception prescribes the development of automated guidance systems for junctions, centers and zones in accordance with the several levels of operational work and operational guidance at the larger marshalling yards (for example, Hegyeshalom, Hatvan, Szolnok and Miskolc) or in zones (Zahony and Budapest) as a function of the magnitude of the traffic handled. Line systems are developed by linking the local systems belonging to one trunk line and a complete trunk network system will be developed after linking the line systems into the central system.

A general survey of the systems follows.

The Border Traffic Information System

Goal of system: Recording, transmitting and processing car traffic information from border stations using a modern remote data processing system. The system makes possible and modernization of border station data recording technology and the forwarding of the data on a continual basis to a central computer and their storage in a data base so that they can be used at every guidance level to guide transportation processes and to handle transit, foreign and OPWY [CEMA railroad car pool] cars.

The system provides for record keeping on the car park owned by the MAV and for calculations connected with the use of OPW and foreign cars.

The central computer system consists of an R-10 computer used as a front-end and an R-40 computer. The equipment is doubled in the interest of system reliability.

Developing the program to realize the system is under way and experimental operation is planned for the end of 1981.

The Zahony Automated Information System

Goal of system: Modernization of operational guidance of the Zahony reloading zone for the purpose of better utilization of the technical base and labor force and improving the economic indexes. Information is continuously collected and processed concerning the changes in location and status of broad and normal guage cars in the zone and concerning the goods in them and this serves as a base for the modernization of the guidance information system.

The automated information system must substantially improve the technical-economic indexes of the work of the reloading zone.

--It should provide for reliable recording, collection and processing of the information needed for record keeping, analysis, planning and guidance and should do so in less time than at present.

--It will create better conditions for the utilization of existing capacity and for stepping up activity.

--It will make possible a decrease in costs by reducing the time cars spend in the zone and the work spent on train processing.

--It will make it possible to reduce the work expenditures arising in the processing of documents which are part of the technological processes.

--The system is expected to start experimental operation in 1981. Converting the system into a planning system is a task for the Sixth Five-Year Plan.

The development of Marshalling Yard Information Processing Systems Using a Microcomputer and an R-10 Computer

A microcomputer system has been in operation at Komarom since 1977 with favorable operational results.

Test operation, with reduced functions, on an R-10 base will start in the second half of 1979 at the Szolnok marshalling yard.

Microcomputer marshalling yard systems have been placed into operation or will be placed into operation in Hegyeshalom in 1979 and in Hatvan and Miskolc in 1980.

Tasks of the Systems:

--Continually providing to the operational guidance apparatus of the marshalling yard information concerning the status of tracks, trains and traction vehicles;

--Continual status records, with periodic following of technological processes;

--Providing the documentation needed for business management; and

--Carrying out performance evaluation tasks.

The results to be expected with the introduction of this organization are a modernization of marshalling yard technology and an improvement in work discipline.

Manual work decreases and precise and sufficiently detailed information can be provided for the preparation of decisions so that operational guidance can be made more efficient.

Savings can be achieved in the time cars stay and in the turn around time of locomotives by decreasing the technological operation times.

Development of a Line Planning-Guidance System

One phase in the gradual realization of a transportation guidance system is the uniting into a line system of the local systems already in operation.

A line planning-guidance system can be realized in a two-step system:

--Local systems are developed at the lower step of the system--at the marshalling yards and train starting stations of the line;

--At the higher step of the system the local systems are connected into a central computer complex and the data base created there constitutes the nucleus of information for the entire system;

--At the higher level of the system one finds an R-40 computer and an R-10 front-end computer to control the net;

--Development of the line system demands the acquisition of large capacity disk packs for the existing R-40 systems because it will greatly increase the quantity of information to be stored;

--In order to close the line it will be necessary to set up a suitable computer system to simulate the Budapest end of the line system because realization of a system for the Greater Budapest zone will not take place in this plan period.

We want to test a line system on the Hegyeshalom-Budapest line between 1982 and 1984.

The conception includes, as independent subsystems of the transportation guidance system, a container guidance system and a passenger guidance system. The conception schedules the necessary developments over a 15-20-year period and by 5-year periods therein.

The MAV computer technology tool acquisition plan for the Sixth Five-Year Plan has been worked out and is being finalized. Basically the developmental plans are aimed at completing the investments already begun as soon as possible (the border traffic and the Zahony marshalling yard information systems and the line system) and at the absolutely necessary maintenance of level and achieving suitable reliability.

In regard to acquiring computers the idea is expressed that the long range computer technology developments of the MAV should be based primarily on the products of the computer technology industry of the socialist countries and primarily on the Uniform Computer System (ESZR) equipment therein. The MAV is planning acquisitions in the capitalist relationship only if this is absolutely justified by the reliability and availability demands made of computer technology systems as a result of the character of railway operations (for example, such elements of continual operation, real time, remote data processing systems as disk packs).

The MAV has played a vanguard role in the domestic application of the larger ESZR models, operating them in a remote data processing environment. This also means that it is forced to see to the development of ESZR possibilities not yet available by using its own strength, developments which require significant intellectual and material expenditure. In this connection we should mention the remote data collection system based on the R-10, the development of an R-10-R-40 computer-computer link (parmarily from the software side) and the development of an adequate data base management system too.

The computer technology organization of the MAV now carries out its tasks in a uniform organizational structure consisting of central and regional units.

A uniform computer technology organization for the railways was developed as a result of the organizational measures carried out in 1977; in addition to the center it includes as organic parts the regional computer technology units established at directorate headquarters in Szolnok and Zahony.

The supply of experts has improved in this area although the average level of training is still not entirely satisfactory and the lack of the necessary experience causes problems too.

Manpower problems are appearing increasingly in data recording work. It is absolutely necessary to solve these problems during the Sixth Five-Year Plan--primarily by acquiring modern data recording equipment.

[No 24, 15 Jun 80, pp 429-431]

[Text] The VOLAN Trust

An Integrated Computer System for Goods Transportation

Computer processing began on 1 January 1968. The system was developed taking into consideration the pertinent regulatory decrees and directives (TGDSZ, national unit fees, fuel norms, directives for paying drivers, etc.). Each month the system processes nearly 600,000 documents from the 23 VOLAN enterprises and from four special purpose trucking enterprises.

On the basis of performance data they first establish the transportation fees and other receipts and the costs which can be calculated on the basis of the norms. In addition to preparing daily accounts and collections--using the data for them--the VOLAN service sites involved receive each day operational information about the development of cincome, costs and performance.

Computer Processing of Autobus Trip Tickets

Computer processing began in 1970 at three VOLAN enterprises.

Goal:

--Computer preparation of transportation records containing daily data on scheduled routes,

--Carrying out warning and supervisory tasks pertaining to routes, schedule tasks, traffic serial numbers, etc.,

--Recording vehicle parameters,

--A grouped recording of the performance of bus drivers and wage calculations in accordance with the wage payment system of the user enterprise,

--Reducing the preparation, control number preparation and data recording work of the enterprises.

The base for the computer processing consists of the schedules and the transportation records. These, and data on the drivers, are stored as the main data base.

Technical Information System

The VOLAN Trust carries out its tasks with nearly 31,000 vehicles. This vehicle park consists largely of the 21,500 vehicles of the truck park and the 7,200 vehicles of the autobus park.

Vehicle maintenance takes place at 244 technical sites employing 16,000 maintenance workers. (70 of these sites are suitable for major maintenance alone.)

Keeping the 31,000 vehicles at a suitable technical level, ensuring the organizational conditions for this work, inspections and taking the action needed are the fundamental tasks of the technical service.

We must distinguish two phases in the realization of these goals.

Basically the first phase is based on traditional data collection techniques and batch processing.

The second phase requires direct data collection and operational production guidance of vehicle maintenance. This possibility is given by the computer configurations placed or to be placed in the regional centers.

Thus the computers operate in the immediate vicinity of the user and a certain part of the data goes to the central computer via the remote data transmission network for later batch processing.

In the new phase the man-machine link becomes very close thus realizing the computer supported production guidance of vehicle maintenance.

Record Keeping for and Management of Highway Fixed Assets

Individual computer records for vehicles and loading machines are also available as the basic data for a processing system (freight transportation, material accounting, technical, fuel, etc.). Here they store the continually actualized performance and financial data including the kilometer running performance achieved, total depreciation, etc.

The computer tables aid vehicle management at the enterprise and trust level (investment needs, justification of scrapping, etc.).

Material Management System

The processing of materials bookkeeping documents in the basic data base began in 1973.

The computer system which was modernized in 1977-1978 extends to all enterprises of the VOLAN Trust with the exception of VOLAN Enterprise No 17 and to three other transportation enterprises.

Chief tasks of the system:

--analytic material record keeping of warehouse stockpiles,

--checking for errors in the data in the documents,

--[illegible] account book records,

--preparing standard costing,

--analyzing material management stockpiles,

--providing balance and analytical data, and

--satisfying other information needs.

The VOLAN enterprises have about 900 warehouses. Each enterprise stores 5,000-15,000 types of items.

The computer processing information is used by the traffic-technical and economic services of the VOLAN Trust and the VOLAN enterprises.

At the request of the VOLAN enterprises the ANYAG [material] processing now operating in the area of the VOLAN Trust is being further developed into a more efficient and in many respects more modern material accounting information system.

Fuel Management System

The increased thrift with energy and thus with fuel made it necessary for the computer processing being done by VOLAN Elektronika in connection with this theme to aid more effectively than before the fuel management of the enterprises. They will satisfy these requirements with their new fuel processing system being started on 1 January 1980.

Electronic Freight and Route Linkage System

Computer freight linking makes possible better utilization of vehicles being used in long distance freight. The VOLAN enterprises send to the computer, via telex, the serial numbers of trucks loaded with one-way freight. The computer stores the loads reported. The optimal possibilities from the data stored are listed for VOLAN enterprises seeking return freight and those guiding the schedules select the link up with the one most favorable for it.

The information of the computer makes possible two-way loading in long distance freight and thus the number of empty kilometers can be reduced to a minimum.

Computer Turnaround Planning and Guidance System

The goal is to make passenger transportation increasingly economical, taking into consideration the requirements of cultured travel. The chief goal is to economize on drivers by reducing lost time.

Chief aims:

--guidance of city passenger transportation, and

--guidance of interurban passenger transportation, which means a more modern, more economical satisfaction of megye-regional travel needs.

Local turnaround system:

The experiments began in 1975 and the system was operating on a regular basis in eight cities in 1979 (Gyor, Tatabanya, Szombathely, Veszprem, Kaposvar, Pecs, Szeged and Salgotarjan).

Interurban turnaround system:

This extended to 70 percent of the passenger traffic in Csongrad Megye in 1979, operating on an experimental basis.

After an analysis of the experiments they want to operate the system in five megyes in 1980.

Development of the VOLAN Computer Net

The growth in the computer technology needs of VOLAN raises new requirements which are qualitatively different from the earlier ones.

The tasks to be solved can be grouped into three themes:

--computer technology resources must be extended geographically and this will be accompanied by a modification in the utilization of the resources (remote data processing in a time sharing mode on a central computer),

--suitable tools must be provided for distant users, tools which will make possible access to central resources and the performance of tasks appearing locally, and

--a system of operating decentralized resources and a way of contact with the central system must be designed and we must tie in them all those software procedures needed to carry out the local task.

According to the plans eight computers will be installed in 1980 (Nyiregyhaza, Debrecen, Szekesfehervar, Szeged, Bekescsaba and three in Budapest). During the Sixth Five-Year Plan all VOLAN enterprises will be gradually equipped with computers--depending on the investment possibilities--and we will build up the remote data processing lines linking the computers.

The equipment will support primarily local operational production guidance and everyday enterprise processing.

HUNGAROCAMION

The enterprise prepared its long range (15 year) organizational conception pertaining to the computer technology background in 1970-1971. Realization was planned--basically--in three steps:

--in the first step they were to realize accounting systems with batch processing (the Fourth Five-Year Plan),

--in the second stage they wanted to continue the organization of accounting systems on the one hand but on the other hand they planned to realize a basic production guidance system. In part this would function in a local operational mode on ICL (07) and an R-12 computer but in part it would use ICL and an R-12 remote data processing line, of which the former would be a leased machine system (the Fifth Five-Year Plan),

--in the third phase they planned to put more production guidance sub-systems on a computer, building up several sites and expanding the technical background (Sixth Five-Year Plan).

The intellectual preparation for the systems figuring among the goals of the Fifth Five-Year Plan has been completed in practice but the delay in the development of their own tool background has somewhat held back the realization of some goals.

Hungarian Post Office

The Hungarian Post Office joined in the use of electronic computers in 1970.

The first tasks were characterized by large volume and relative simplicity (checking the payment of money orders, preparing radio receipts, preparing telex bills, calculating collections, international telegram fee calculation).

Following this processing spread to the machine production of special area and management statistical data. (These tasks included materials management, newspaper processing and interurban circuit statistics.)

The data recording machine park was reconstructed in two stages at the beginning of the Fifth Five-Year Plan in 1976 and then in 1977 and 1978. Experience in applications made possible the solution of higher order tasks. This included the computerized cadre data bank which was followed by the development of a manpower data bank system and this was linked to the computerized realization of the wage accounting procedure and the development of a personnel and wage management information sub-system.

They are now developing further part systems of a computerized system which will embrace newspaper distribution as a whole. Also under way is an integration of the several computer technology systems and the creation of an automated guidance system.

During the Sixth Five-Year Plan there will be great need to work out and introduce new computer systems and expand existing ones. An especially urgent task is a computerized solution to the movement of post office money. There is a great need for computerized solutions of technical and economic tasks in various areas (wire and wireless communication, construction and assembly work).

Highway Construction Industry and Highway Affairs Administration

UTIBER is the enterprise offering organizational construction economic and computer technology services to the transportation construction industry and highway affairs administration. The computer activities of the enterprise can be listed in the following four chief theme groups:

--Enterprise management tasks include record keeping and accounting for materials and stockpiles, distribution of wages, keeping records on fixed assets, and keeping records on machine use; computer technology applications have been developed and management and business sub-systems are linked to them.

--Enterprise production organization tasks include a working system which prepares enterprise guidance programs and a production guidance system and connected to these are production, budget preparation and accounting sub-systems.

--Special guidance and analysis activities include the road network data bank, the bridge network data bank, the road maintenance costs data bank, the traffic census data bank and activities connected with developing, managing and using a road suitability data bank.

--Construction and labor management tasks include preparation and further development of price norms for the transportation construction industry, preparation of standard organization methods and organizational plans and processing work time data systems and the labor organization instruction connected with these.

LRI and MALEV

The tasks of the LRI of the KPM are done in the sphere of flight control and airfield maintenance.

In carrying out its management tasks it uses analog and digital computer technology tools. At present the preliminary planning of air traffic is still done manually but the organization of preparation using computers is under way.

The management tasks of the LRI include the preparation of materials accounts on a computer at [illegible] (by the SZUV (Computer Technology and Management Organization Enterprise)).

In a later organizational phase they plan to develop and operation flight record strip, air space capacity analysis, conflict testing and route and landing fee calculation systems.

MALEV operates a technical records system which publishes the operational times for aircraft main assemblies, equipment and parts which are under time limits or have fixed operational times; these are processed daily together with an indication of the route flown in regard to the airframe and engine by aircraft.

Breakdown analysis is performed to measure the breakdowns to be expected as a function of flight hours.

The materials management and record keeping system has been operating since 1977 in jobwork processing. Records on crew personnel serve planning in connection with crews. The processing of "flight reports" is done for about 30 routes.

Data on passenger traffic is provided in jobwork via the SITA Network using the "GABRIEL" program.

Summary

In 1979 the sub-branches of the KPM were operating 33 computers. Of these 5 were acquired in the period before the Fifth Five-Year Plan and 10 were acquired before 1970. This indicates that the machine park as a whole is obsolete despite the installation of relatively larger capacity medium size computers in recent years.

The above survey also indicates those chief trends which must be taken into consideration in the Sixth Five-Year Plan in the further development of the computer technology level of the KPM. The developments in 1976-1980 did not entirely realize the goals formulated at the beginning of the plan period; thus considerable progress will be needed in the period ahead in modernizing the computer technology tool park as a whole--especially in regard to data preparation equipment.

The composition of expert training must be modified (in the direction of reducing the proportion of data preparation personnel) in harmony with the spread in the use of higher level systems and with the modernization of the tool park.

In regard to applications trends increasing emphasis must be given to the development of integrated information systems and the spread of interactive operation sub-systems, remote data processing and automated operational control. Greater use of standardization is the unavoidable path for methodological progress.

These goals and further development trends were the primary motivation in the preparation for computer technology development by the KPM and its sub-branches in the Sixth Five-Year Plan.

8984
CSO: 2502

PROBLEMS IN DEVELOPMENT OF HIGHWAY NETWORK EXAMINED

Budapest FIGYELO in Hungarian No 26, 25 Jun 80 pp 1, 2

[Article by Miklos Breitner: "Problems of the Arterial System"]

[Text] On the motorway to Vienna somewhere past Salzburg, a sign in big letters alerts truck drivers that if they are headed for the Balkans and the Near East they should turn south at this point and proceed to their destination across Austria and Yugoslavia. At first I thought this was some kind of business trick, but then I realized that the information served the interests of the carriers and the drivers. It is better to avoid the Hungarian roads. What is more, and perhaps I am not far from the truth, this sign also is in the interest of the traffic in Hungary. We have problems and worries enough with domestic traffic, with the trucks serving our own foreign trade, and with the most necessary transit.

Experts have reassured me that there is not a single country in the world which would build or develop its road network for foreigners. Everywhere it is the needs of domestic traffic that are determining. Thus when we are now occupied with the troublesome problems of road construction, it is not worthwhile to overemphasize foreign traffic and transit deliveries. Even so, it is an exaggeration to maintain that heavy foreign vehicles wear out our roads prematurely. Annually, about 160 million forints flow into the state treasury for overweight charges, and foreign vehicles contribute less than 10 percent of this sum. (Foreign currency acquired in this way does not exactly mean the most economic kind of business transaction, for the renovation and reinforcement of a kilometer of road costs about 7 million forints.) Fortunately, we have succeeded with Bulgaria in arriving at an agreement on outsize trucks, and thus the 47 million forints received in 1978 in overweight charges, on the ruble account, fell back to 9 million forints in 1979.

All this is important now (as it has so often been in the past 10 years)? Probably the concept of road building is again in the crossfire of debates. The well-known economic difficulties, the limits on investment means, the deficit in the state budget--without [illegible] the list--presumably is compelling the authorities to reduce, to a relative degree, the sums of money that can be devoted to road building (and maintenance?). Let there is no misunderstanding, it is not my intention to challenge the authorities to debate, only we hear with some sense of dejection that in a time of "low ebb in investment" it is again road building which must suffer the cutback more than average. Of course, rather considerably numbers of arguments are to be found in the experts' handbag, but with this let us accept the curtailment of investments as a fact and not emphasize what should have been urgently important and why.

The lion's share of the given transport tasks are carried out by railroads and public road transportation. The usefulness of the other sub-branches is rather limited, and the opportunities for choice are insignificant. The price explosion for energy sources in the 1970's (and the continuing explosion) has required a "rereading" of the transportation policy concept from time to time. It is worthwhile to dispel a possible misunderstanding: at one time the concept was read in such a way that railroad and public road transportation would wither in the future. When the government "reread" the concept, or made its decision on the further development of the transportation policy concept in 1979, it became evident that it would not be necessary to find a new "concept," only bring up to date the more than 10-year-old material. Then too, as well as now, the position is the following: the most economic transportation mode must be sought, and therefore none of the branches enjoys a priority. Thus it was not a premature step to eliminate hardly used branch lines and divert traffic to public roads.

Today, as we did yesterday, we constantly observe what is economical. Sometimes, of course, it is not easy to decide. In public road transportation, there are no reloading costs, but on railroads (above all, where the goods can be received on industry lines) the cost is less. Today the authorities not only follow attentively what is more economical but also how great is the energy demand on a given mode of transportation. The writer of these lines believes that energy use costs are already included in the concept of economy and cost sensitivity. Energy savings and the condition of rational management are--from the cost aspect--largely given, and thus it is "exactly enough" to examine economy.

It is worth looking at the data. In transportation, more is expressed by commodity ton/kilometer than by the number of tons carried, that is accomplishment should include the distance together with the given volume.

In national accomplishment, the railroads contributed 67 percent in 1970, and in 1979 this had declined to 51.5 percent. Public road transportation, naturally, rose from 20 to 24.6 percent. The proportion of pipeline transport more than doubled, and the proportion of water transport also rose continuously. Thus the accomplishment "surrendered" by the railroads was taken up by other branches. In other words, the diversion of freight transport to public roads has not been the backbone of the transportation concept in the past 11 years but only one of the partial tasks.

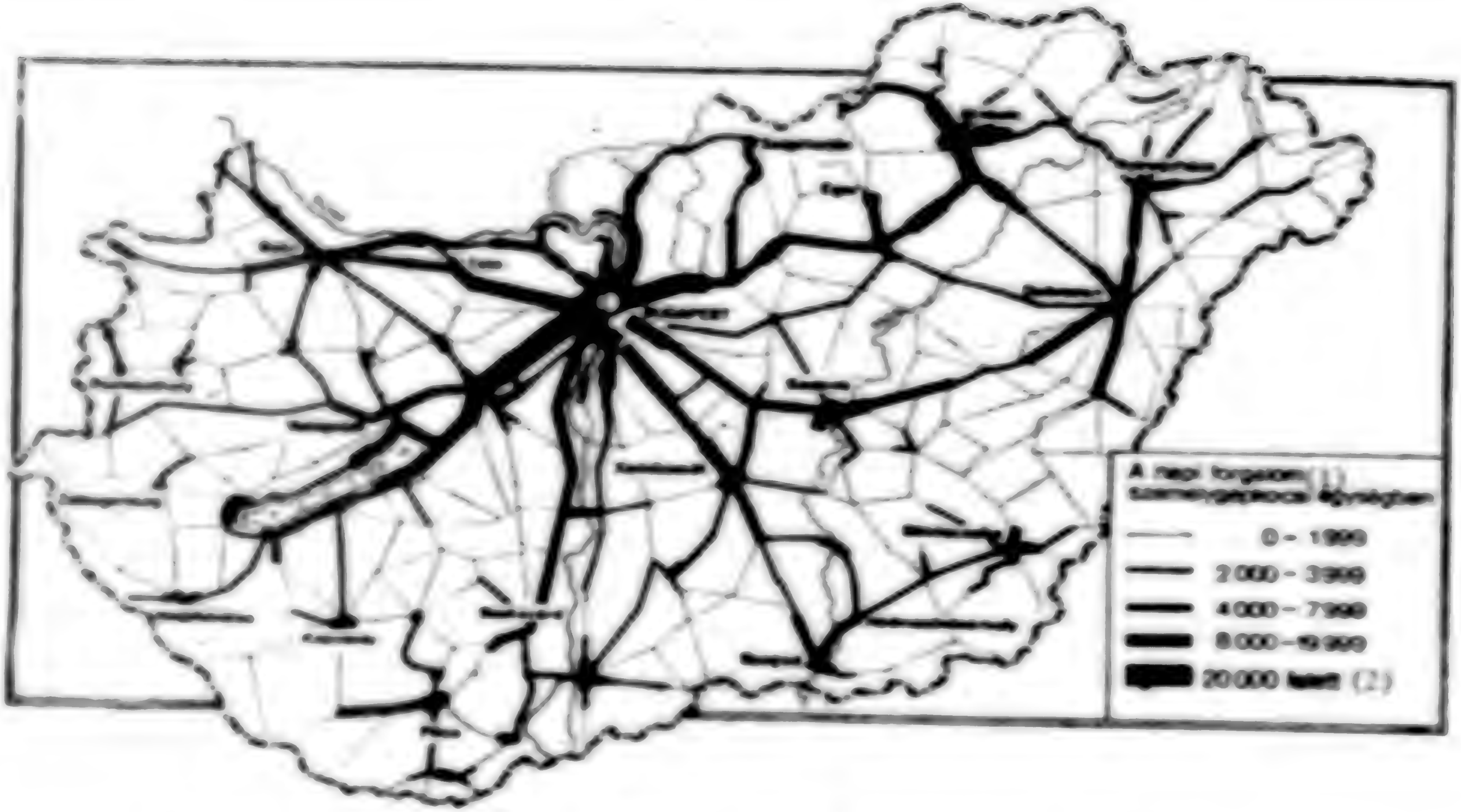
The situation is different in passenger transportation. In 1970, the railroads represented only about 30 percent of the accomplishment in passenger/kilometer terms. By 1979 this had dropped below 18 percent. The difference was taken over by public road transportation. (Here water and air transportation are negligible.) It is worthwhile calling attention to another significant change because it has an enormous effect on the economic use of means and fuel consumption, namely, that the vehicles used, in the terminology of the field, by the general public (MAV [Hungarian State Railways], MAVAUT [Autobus Service of the Hungarian State Railways], urban mass transportation, taxis, etc.) represented two-thirds of the traffic in 1970, but by 1978 this ratio had declined to 43.7 percent. The reason was the vigorous growth in private car ownership and the pool of transportation vehicles owned by enterprises, cooperatives and institutions (primarily buses, and moreover such as are operated at a rather low capacity level).

Traffic Increases--Roads Remain

Since we have tried to fit public road transportation into the Hungarian transport system, it is more understandable that we should examine the indispensable part of this road network. Extremely few new roads are being built in Hungary. The 30,000 kilometers which represent the country's public road network is a well-known statistic. For someone who occupies himself with the domestic road situation, it is also obligatory to tell how the ratio of dust-free roads has changed within this figure. (These increased from 12 percent in 1945 to 81.4 percent in 1978, while the ratio of dirt roads shrank from 15.5 to 2.5 percent in the above-mentioned 33 years.) This is a qualitative change. (In this article we are examining, generally, the national network, but we must not forget that in addition to this 30,000-kilometer "arterial network," another 80,000 kilometer network, within settlements, helps carry traffic. These 80,000 kilometers of road network are under the care of the councils.)

Motorization began in the 1960's, and in the 1970's we were made aware by various "explosions" that the present road network is not very well capable of bearing the traffic. To illustrate all this with statistics, by 1979 as compared to 1970 the stock of public road vehicles increased by 93 percent, and this included an increase of 170 percent in passenger cars and an increase of 156.5 percent in the number of cars arriving in the country from abroad. Well, how did the country's road building react to this more or less anticipated development? Beautiful plans, with a medium tempo of construction and maintenance, and a sad lag behind the requirements of the traffic.

The most spectacular and the most costly response is the construction of motorways. From the kilometer statistics on motorways everyone can tell where they were built. In 1970-1971, a 8-9 kilometer stretch was the segment leading to Budaors, and then came the Balaton motorway with the Martonvasar, Szekesfehervar, etc. segments. But even today there are only 170 kilometers of motorways available to traffic. How many should we have?



The Hungarian Network of Public Roads, according to density

Key: 1-Daily traffic in units of passenger cars
2-Over 20,000

To meet our desires, we should build to a density of Swiss and West German motorway networks. The 1975 traffic data, with some corrections, are shown in the map accompanying this article. Where the lines are very thick we already need a three- or four-lane motorway. Elsewhere, even with the trace line of planned motorways, it would be enough to have highways. As a consequence of the investment settlement policy in the second half of the 1960's and the 1970's, the Borsod industrial area was separated by public road from the capital city. We are now trying to make up for this, but here too the traffic data show that we need a motorway between Budapest and Gyongyos, or on the Y-shaped Kazincbarcika-Miskolc-Leninvaros-Nyekladhaza line. The other main line is the E-5, there too primarily the Gyor-Budapest stretch (but we must not forget the two important crossing points that can be reached from Gyor-Hegyeshalom and Rajka).

Costs Rapidly Recovered

What is a motorway worth? In expenditures, 1 kilometer costs today about 50-70 million forints, while that certain first segment cost only 25-30 million 10 years ago. It is true that in quality or use value there is also a great difference between the two kinds of roads. The M-3 stretch heading to Godollo was more expensive than ordinary because of the terrain and because the planners and implementers adhered strictly to the internationally approved prescriptions. The M-5 stretch heading toward Kecskemet, which has been included in the plan but its completion date is still unknown, may be less expensive because it traverses a plain.

Looking at the question from another aspect, we arrive at a surprising result. In the case of infrastructural investments the "conversion time" is unusually short in those which derive their values from fuel savings, greater speed, and better care of vehicles. Accordingly, the costs of building a motorway, given appropriate use, will be recovered in less than 15 years, but this does not represent a savings for the builders, the state, but rather for those who maintain the vehicles (enterprises and private car owners). Since this is not one and the same pocket, there are many who receive such calculations with reluctance. (And still in the case of the renovated Petofi Bridge, which was recently reopened to traffic, every day that it was closed down cost the operators of vehicles 15 million forints.)

The motorway construction program consisted of two phases. The first embraced three five-year plan periods (the present period is the middle one), and within this framework we should have finished the Budapest-Tatabanya, the Budapest-Gyongyos, and the Budapest-Kecskemet stretches by 1985. Of this, it now appears clear that because of the lack of financial resources the latter stretch will not be ready by 1985. The second phase should already be on the planning table, but it is not.

It must be seen, to be sure, from the complete data, that a new stretch can be opened for traffic only after a number of years of work. One technological process follows another, as in industrial plants operating in a continuous production system. That is, we will need a clear decision in the near future how the motorway builders will use their capacities at overhead crossing places. If they are going to rest for several years, the loss will not be 1 or 2 years, but substantially more.

The Problems of the Road Builders

It is worthwhile at this point to make a little detour because the situation of the motorway builders provides a lesson that goes beyond this case. What happened? On the basis of a motorway program approved by the government, the Concrete Road Building Enterprise, as designated implementer, equipped itself for the task. The machine purchases and other expansions, which will make it possible to build about 24 kilometers a year, came to no less than 450 million forints. They financed this outlay with bank credits and indirect state supports. Indeed, the development was judged to be so important--at that time...and today? They are using the earth-working machines to 50 percent capacity (this belongs to convertible capacity because every implementing organization, other enterprises, and agricultural plants as well purchase machinery for earth excavating and moving). When the enterprise was designated for the building of the motorway, it resisted the task and tried to sit on a number of "steeds" at one time, and thus it accepted and carried out other work (the Ferihegy airport, MAV track construction, and BKV [Budapest Transportation Enterprise] metro construction), but now two large, developed motorway construction organizations with their own special machine pools (finishers) are locked in and can be directed to other work only at a loss.

The profitability of the enterprise moves together, as it were, with the decision on motorway construction. In the Fifth Five-Year Plan they originally appropriated 4.7 billion for motorway construction, but in 1978 this was reduced to 3.6 billion. Meanwhile, the 1978 profit of 216 million declined to 144 million in the following year, and this year's profit plan counts on only 88 million (and this too is completely uncertain). It is true that this also reflects the change in the regulators.

What is the way out? At the Concrete Road Building Enterprise they believe that in the case of the M-1, the organization will be tied down in the Sixth Five-Year Plan period, while the organization working on the M-3 will have work until 1982-1983, and thus if this organization can move over to the M-5 it will not face great problems. But in this the Asphalt Construction Enterprise will also have a word or two, for they regard the M-5 as their job. But in fact, the M-5 is the most uncertain point in the entire motorway program. Aside from the motorway, the Concrete Road Building Enterprise has calculated that if the annual production value drops from the present 2 billion to 1.5-1.6 billion--which is the cover point--then a deficit will be inevitable.

Handicraft Work--with Large Machinery

It is fashionable nowadays to stress that enterprises should be faithful to their name and undertake to be enterprising. How can a specialized road building enterprise be enterprising? Within the country itself the scope of movement is minimal if there is a desire to use the equipment and the skilled workers in the best way. There are two possibilities: either they accept, at the cost of compromise, road maintenance work (and can they get it?) or go abroad to build. Provided they can win in competitive bidding. Nothing can be excluded, but one must wonder whether an enterprise can offer something acceptable in the international arena when here at home it has developed a capacity for building annually two dozen kilometers of road. It rarely happens in the terms of international competitive bidding that anything less than several hundred kilometers is mentioned.

The most likely thing is that these organizations, which are specialized for doing these great tasks, will end up doing maintenance work and pavement reinforcement jobs of lesser requirements. Does this possibility ease the work of the megye public road administrations? Perhaps yes. But not clearly, because for doing this simpler task, capacities can be raised and lowered flexibly, and up to now the public road administrations have proceeded accordingly in function of given financial possibilities. Nine billion forints have been allocated in this five-year plan for continuous type maintenance and operation, the same amount as was included in the original plan. For the preceding maintenance, on the other hand, 11 billion was allocated, which represents a larger figure, following the great freezing of the roads in 1977. The latter, though, is the most economic form of road building. According to the KPM [Ministry of Transportation and Postal Affairs] the finishers can also be used for this work.

We need to speak of two other programs which as a result of intelligent, conceptional decisions have been concluded in a positive way, or are nearing completion. One is related to approach roads. Until 1975, this program had a role among special-purpose investments, and its goals was that by the above-stated point of time it would tie all settlements with a population over 200 inhabitants into the national public road network. It was a success. It is true that in some places the road was broader than the traffic required but at least it was successful in carrying out a program which aroused interest in all of Europe.

The other is the modernization of the urban crossing segments of the main transportation routes. In nine megye seats they rebuilt the transversing stretches of road as four lanes, with large juncture intersections and overhead crossings. Looking back, we built about 350 kilometers of road; it is true that the implementation costs of segments built in this way are greater than for a motorway, because there are essentially more clearing jobs and the conditions of road building are also more difficult. (For example, the rebuilding and modernization of public utilities.) This program is still in progress and will run until 1982. Naturally, there are still some demands, but new jobs will not be started.

Proposals

We pay for national road building, maintenance, modernization and operation primarily from the state budget. For about 20 years now we have received approximately 1.6 percent of the economy's investments. Is this a lot or little? This is how much there is. This much is certain that the domestic development in motorization is not being followed by the modernization of the routes and the building of roads. The gap is widening. We need to consider therefore the following tasks:

1. We should again fundamentally examine and especially take appropriate measures on how we can reduce the specific cost of road building. That is, is it possible, without reducing the technical content, to build longer stretches of road with the given funds? This task, in my view, should be given to the enterprises because they now are in that psychological and economic situation where because of their survival interest they would be outstanding partners in a task of this sort. All such measures directed and held together from the top will breed resistance, and hence will not be appropriate.

2. We should restore harmony between the road network and the traffic moving thereon. If this cannot be done with an accelerated rebuilding program or one at the present tempo, perhaps we can influence the number of vehicles in traffic. In other words, to maintain the present level only trucks, buses and passenger cars of the same number as are being junked can join in the traffic. This backward step, this drastic regulation, of course, can also be easily perceived by purely economic means--by a fuel price which weighs most on those who drive more and less on those who drive less. (For example, we should build into the price of gasoline and diesel oil the vehicle tax and compulsory insurance.)

All this is a solution that is important and possible because as it was once calculated for Volan if the enterprise could increase its average traveling speed by 1 kilometer, we would need 1,000 fewer trucks and 200 fewer buses to carry out the same tasks, and we would also save 10 million liters of fuel annually. We can calculate this way also....

8471
CSO: 2500

MINISTER INTERVIEWED ON CONSTRUCTION INDUSTRY SITUATION

Budapest NEPSZABADSAG in Hungarian 15 Jun 80 p 5

[Interview with Kalman Abraham, minister of construction and urban development, by Katalin Bossanyi: "The Construction Industry In Changing Pace"--place and date not given]

> [Text] Everyone is an expert in the construction industry, since the work that changes the faces of sceneries and cities is taking place not behind factory gates but in front of our eyes. This publicness gives more space to justified criticism in addition to the recognition of the results--making deficiencies in apartment construction and delays in investment projects topics of every-day conversation. Precisely for this reason, the changes of economic conditions that encourage more efficient work are being followed with special attention. This is the case now. So is the present slower pace of economic growth which has a larger, and perhaps faster and more tangible, effect on the construction industry than on the other branches. We talked before today's Constructors' Day with Kalman Abraham, minister of construction and urban development, about the brand new situation, about the methods and possibilities of the view change that requires a regeneration and adjustment.

[Question] Is the slower rate of growth already being felt in your commissions, and if so, how are the enterprises reacting to it?

[Answer] It is not possible to make general conclusions from the first 4-5 months of the year but it is apparent, however, that even last year we had to turn down or postpone considerably less work than in earlier years. For illustration: demand in 1979 exceeded the national supply of construction by 7-8 percent, while this number was still 40-45 percent in 1976, for example. I also would like to prove with this that our branch has lived under stress for a long time; we were able to fulfill our pledges only through enormous efforts and, even so, not in all areas. The fact that one of another kindergarten or school was not finished on time or that we were not able to finish apartments by the deadlines, was annoying not only to the population. Believe me, most of our workers were just as exasperated, for it was uncomfortable for them to go to work every day knowing that they could not finish the work on time because of reasons beyond their control. Thus I think that most of the enterprises expect from a more balanced demand and supply to increase the profession's credibility.

At the same time, it is also clear to them that the extreme demands for investments until now have created a confusion in many cases which added to the already existing disorganization and lowered the quality. Now, however, no outside factors can be blamed as a result of a more deliberate working pace; the fault will unequivocally be in "our set." There is a need and possibility, therefore, for a comprehensive self-examination and reorganization. In other words, we must work much more carefully and faster, doing a better-quality job and we must at the same time come up with less expensive solutions. This is a difficult task, and all workers of our branch realize this.

[Question] To what extent are the coming years' tasks known, and how will the capacities be used?

[Answer] The Sixth Five Year Plan is in the making, but it is already apparent that we will make as many investment projects as in the present plan period although the proportion of construction is expected to decrease. In spite of this, the use of our capacities will not be uniform: we will have less work in 1981-1982 and more in the second half of the plan period. The makeup of our work will also change: in the enterprise commissions, renovations and modernizations will come into the foreground instead of new investments, and the number of renovations of public and residential buildings will increase as well. According to preliminary calculations, 80 percent of the demand will be for investment and 20 percent for maintenance. High-priority investments will continue to be concentrated on areas and resources: two-thirds of all constructions will be centered on Budapest and on Fejer and Tolna megyes. Our tasks in apartment construction will be somewhat lighter: we will build slightly fewer apartments in the Sixth Five-Year Plan period, except in the capital city where more will be built. These changes may create a balance between demand and capacity.

[Question] The tasks will be balanced nationally but, as a result of the character and concentration of the investments, shortages and surpluses of contruction capacity will continue to exist in certain areas.

[Answer] The enterprises will indeed have free capacity in certain areas. In Borsod Megye, for example, the number of high-priority investment projects will decrease by 50 percent. On the other hand, I have already referred to the large investment projects concentrated in Budapest and certain areas. Thus we must continue to reckon with the ancient character of the profession, namely, that it is itinerant: we must go where the work is. The enterprises, if they want to survive, must cross the megye's, and sometimes even the country's, border.

[Question] Will all of this further strengthen the construction industry's desire for enterprise?

[Answer] It will indeed. I would formulate it this way: there is no choice anymore, we must learn to enterprise. The construction industry came to a realistic market situation only through the present situation. This must radically change our way of thinking and our views. Not to mention other things, which construction enterprise did serious commercial activity? On the other hand, their interest now lies in "approaching" the customer and in convincing him that their method and structural element are better than those of the other contractors. Because of the competition, they will probably offer more sensible and cheaper solutions and will, for example, further modernize their frame structures and perfect the skilled work. The investors and customers can only benefit from all this.

[Question] Does less work mean that they will need fewer people in the time to come?

[Answer] Need and possibility are two different things. As we were making the Fifth Five-Year Plan, we still hoped that the number of people working in the construction industry would increase by 24,000. We already know today, however, that just the opposite happened: their number has decreased by 13,000-15,000. There is a long list of reasons, I will emphasize only two decisive tendencies. Work in the construction industry continues to be physically hard and the frequent change of site also determines the worker's life style. In addition, our wages, when compared with other areas of the national economy, are not advantageous enough anymore to attract people. It is also relevant that the labor force coming from agriculture is not as large as we earlier thought it would be, indeed, it seems that it is our people who are attracted instead by the familiar environment and, not the least, by better opportunities. The employment of new workers is also limited by the fact that the construction industry is becoming more and more industrialized and thus we can use less and less unskilled labor. All in all, we are counting on a continued decrease of the labor force in the coming years although the increase of maintenance work would require a larger labor force. It is not a secret either that our employment policy is tougher now just as it is certain that quality work requires better organization and more discipline. Those who do not adapt themselves to this will likely lose their jobs.

The changes in relations between planning, implementation and investment are expected to be of a different kind. Slower development may increase attention to the flaws in the investment process and the causes of noncooperation. A lack of adequate interest, for example, resulted in a withering of the role of general planning. We want to change this, too, and we will expand the main enterprising forms. In the coming years, we would like to gradually transfer about 4,000 planners to the construction enterprises. Of course, the changing tasks encourage the enterprises to use their staffs more economically than before. This requires, in addition to better organization, wider exploitation of resources as well. According to approximate calculations, the number of constructors working at the various institutions and enterprises is almost the same as the number of workers in the construction industry. This situation was created by a shortage but it has a justification in a few areas such as, for example, real estate, road construction and maintenance or flood control. Of course, it is still cheaper for the enterprises to do the construction themselves than to subcontract the work. On the other hand, more sensible staff management and the fact that tasks are thus too fragmented in the national economy and that the technical standard remains low, speak against it. That is why I hope that we can pay more than the construction enterprises themselves if the branch will meet the higher requirements. Then some of their employees will come back to us one by one.

[Question] Is a further differentiation expected in the construction industry as a result of the competition that is developing?

[Answer] To the same extent as in enterprises of the other branches of the national economy. Incidentally, there have been differences even up to now between enterprises of the same profile but active in different areas. For example, as a result of organization, professional makeup, foresight, cooperational relations and quality of management. These factors will determine even more in the future how flexibly an enterprise can adjust to the new tasks. And where progress is apparently hindered by personality problems, there we will draw the consequences. I think that this change of pace in views and methods that we must make at any cost will redefine the relations between the ministry and the enterprises as well. Up to now, we had to interfere with the enterprises precisely because of the compulsory changes in deadlines and the priority list of commissions. What the new situation justifies is more like management, coordination and matching of interests.

[Question] Let us return to those changing tasks which concern the population most directly. In the next plan period, it is expected that 60-65 percent of the apartments will be built by private resources. How does your portfolio support these constructions?

[Answer] We designated, jointly with the councils, those areas which are most suitable for the construction of multilevel condominiums and modern private homes in groups. We simplified the statutory provisions regarding building permits, planning and construction. I hope that some red tape will be thus eliminated. I think it is a significant step that our institutions designed 135 models for private apartment construction; these may be purchased at discount prices and if they are going to be used unchanged, then the councils will issue the building permits within 15 days. The designs for grouped family homes will also come out soon. The councils, the establishments of the Fuel and Building Material Trade Enterprise and the branches of the National Savings Bank will also take a part in their dissemination. We would like the private builders to more widely join the currently expanding system of material and structure supply by contract where we also give preference to contractors of the suggested plans. For these, we also make a "standard package." In order to make better use of the machines, we are organizing a rental service which can be used by both private builders and artisans as well. In cooperation with the National Technical Development Committee, we built model establishments in Budapest, Szeged and Nyiregyhaza which are examples of economical construction, up-to-date material supply and organization. Since prices are increasing in this area as well, we initiated the financial subsidy of private apartment construction either in the form of enterprise credit or other credits.

[Question] The increase of apartment maintenance and renovation of buildings also concerns many people, so much the more as this activity was pretty much in the background up to now.

[Answer] Unfortunately, some buildings have deteriorated to such a degree that significant progress--in harmony with the tasks in protecting historic buildings and in urban planning--can be expected only in the Seventh Five-Year Plan. At present, we are limited mostly to maintenance. The point is not only that such a backlog cannot be made up all at once (a total of 100,000 apartments must be completely renovated, 50,000 of which must also be modernized, mostly in Budapest and Veszprem, Somogy, Baranya and Zala megyes) but also that the conditions for it, too, can be created only gradually. We are striving, first of all, to give this work mainly to the construction industry of the councils and cooperatives and the work of larger investment projects and condominiums to larger enterprises that are better prepared for this task. All of this must be done with a sensible division of labor and an efficient use of means. As opposed to public opinion, renovation and maintenance is not less profitable, since the prices are unfixed. It is true, however, that there is a need, in this area as well, for mechanizing the handling of materials and creating a more up-to-date industrial background that is needed for better organization. Unfortunately, they are at a disadvantage even in the "human factor": the special tasks require even more qualified professionals while the education and training of skilled workers are more problematic than usual. In addition, the wages of those working in this area are lower than the construction industrial average. This must be changed in any case.

[Question] As long as there is a shortage of capacities at home, the construction industry's exports, which have lately been the subject of much discussion, seem strange to the layman. What are the realities of these endeavors?

[Answer] Our exports will amount to above 15 billion forints during the Fifth Five-Year Plan. In our opinion, an increase during the years to come would be beneficial for the national economy, but only if we make flexible adjustments to the market, of course. We must realize that the independent exporting of planned buildings may be successful once in a while but it does not establish lasting relations. It is more worthwhile to think in terms of complex exports, in other words, we must connect our proposals to the export obligations of the other industrial branches. Deliveries of products ready for use are mainly directed to developing nations and, according to experience, we are competitive in this area. However, I would also like to emphasize that this kind of exporting requires a new kind of interbranch coordination and less red tape. Prime contracting seems to be the most suitable form but it would be an additional help in avoiding superfluous fragmentations and clashes of interests if the enterprises also attainted individual rights to do foreign trade when exporting tasks must be carried out. We would like to assign such a task, for example, to the EMEXPORT.

[Question] You have mentioned a few times that you would like to carry out the diminishing tasks through improved efficiency, a better use of the existing means and an increase in the use of more modern, but often more expensive, methods of construction. This is somewhat contradictory to the investment view that says, if I have less money, I would rather employ less expensive solutions.

[Answer] It is usual indeed that the councils use their limited budgets for traditional technologies that are cheaper. I think this is shortsightedness. Not because the new capacities, which were created in earlier years in our industrial branch, remain unexploited this way but because the principle of conserving material and means is also valid for labor and time! Not to mention that we tend to think in extremities. Many people urge on the increase of brick construction, for example. The construction industry cannot, of course, give up the use of bricks but if only 10 percent of the presently employed modern technologies were to be "changed" to bricks, four new factories would have to be built and an additional 20,000 workers would have to be hired. Therefore, we want to achieve a more balanced development for the coming years mainly through the use of our mental resources--in addition to what has been said before. And, where possible, we want to continue to advocate more up-to-date solutions. Our slogan could be this: "Slower Pace With Higher Technical Standards!"

[Question] To close, let me ask what this comprehensive change of direction means for the minister.

[Answer] I feel the foreseeable problems and tensions. But I am confident that what the portfolio has been pushing, namely, more efficient, better and more precise work, will speed up now under the present compelling situation. I might also note that external "pressure" probably will not hurt some of our enterprises. The possibilities and benefits arising from good organization have not yet been adequately exploited in several branches of the national economy. Unfortunately, we are also included in this. This is a resource that will undoubtedly make up for the "losses" of the slower rate of growth. To close, I would like to give one of my old sayings: quality in our country is mostly viewed through today's eyes. But our work is also directed to the future; it determines for several decades to come, the picture of individual settlements, cities and industrial sites, and it changes the life style. I believe that now that efficient and quality work is coming to the foreground, we will have time and energy to propagate longer-range conceptions and that we will also find partners for our efforts.

9414
CSO: 2500

POLAND

BILATERAL SOVIET-POLISH TRADE CONTINUES TO GROW

Polish Ambassador Comments

Moscow EKONOMICHESKAYA GAZETA in Russian No 17, Apr 80 p 20

[Article by K. Olszewski, Ambassador Extraordinary and Plenipotentiary of the Polish People's Republic to the USSR: "Unbreakable Alliance, Fraternal Friendship"]

[Text] The Polish and Soviet nations are ceremoniously celebrating the 35th anniversary of the Treaty of Friendship, Cooperation, and Mutual Aid Between the Polish People's Republic [PPR] and the USSR. Signed on 21 April 1945, when the flame of World War II was still blazing, when the heroic Soviet Army and the people's Polish Army which was fighting shoulder to shoulder alongside of it were putting the finishing touches on the fascist hordes in Berlin, that treaty was an outstanding historical event, which reflected a fundamental turning point in the relations between both countries.

The anniversary of the Polish-Soviet treaty is being celebrated at a time when progressive mankind as a whole is celebrating the 110th anniversary of the birth of V. I. Lenin. The great Lenin exerted a tremendous influence upon the development of the Polish workers movement. He was an ardent champion of Polish independence and a great friend of our people. Leninism is our guiding star, the vital spirit of Polish-Soviet friendship and cooperation.

Soon we shall be celebrating the 35th anniversary of the Victory of the Soviet Union and the entire anti-Hitlerite coalition over fascist Germany. Thanks to that great Victory, as a result of which all the Polish land was also liberated from the Hitlerite occupation, there occurred the largest turning point in the thousand-year history of our state. The Polish nation took the path of socialism and created the solid foundations of its independence. People's Poland occupied a worthy place in the family of the countries of the socialist community.

Resting on a Friend's Shoulder

We might recall the year 1945 -- the first year after the liberation of Poland. The war's wounds had not yet been healed, the cities and villages had not yet arisen from the ruins, but the Polish Communists, assuming the responsibility for the fate of Poland, took charge of the work of reorganizing it on a new basis, the work of providing people with bread and a roof over their heads, and of starting up the first plants on the land which had been liberated but which also had been monstrously destroyed. And it was precisely at that time that we received the moral support and a large amount of material assistance from the Soviet Union -- a country which had borne on its shoulders the brunt of the war against Hitlerite Germany and which had suffered no fewer difficulties than we had.

The first bread in the spring of 1945 was baked by us from flour that had been supplied by the Country of Soviets. The first steel began boiling in Polish furnaces thanks to the technical assistance provided by Soviet specialists.

Soviet citizens helped to restore transportation, to activate the first mines and ports, and hospitals, and supplied us with medicines. Soviet aid was of the most varied kind and contributed to the adjustment of economic life in the broadest sense of that word.

On the present-day map of Poland, a country which at the present time has a considerable industrial potential at its disposal, there are a large number of projects that were created with the economic and technical assistance of the USSR. They include giants in our metallurgical industry -- the V. I. Lenin Combine in Nowa-Huta, the B. Berut Plant in Chestochowa, the Katowice Combine, the Warsaw Passenger Car Plant, the petrochemical refineries in Plock, the copper-smelting plant in Legnica. All these are majestic symbols of Polish-Soviet friendship and cooperation.

Today's Poland has powerful metallurgical, machine-building, power-engineering, and chemical industry. The country has created anew or has further developed its shipbuilding, aviation and motor-vehicles industry, the production of turbines, and the electrical-engineering and electronic industry. At the present time the PPR in one year produces 21 million tons of steel and approximately 400,000 tons of copper; produces 200 million tons of stone coal; produces 400,000 motor vehicles; and produces 127 billion kilowatt-hours of electrical energy. For purposes of comparison we might note that in 1938 bourgeois-landlord Poland produced only 1.4 million tons of steel, 38.1 million tons of stone coal, and 4 billion kilowatt-hours of electrical energy.

Dynamic Growth

A special place in the history of people's Poland is occupied by the 1970's. Ten years ago, at its 6th Congress, the PZPR, relying upon the experience that had been acquired, elaborated a socioeconomic program -- a strategy for the building of a mature socialist society in Poland. In carrying out that strategy, we have made great achievements. The past decade, despite a number of considerable difficulties that arose in the second half of that decade, brought us an acceleration in the growth of economic potential. During that period the national income increased by almost 85 percent; the volume of industrial production increased by a factor of 2.3 and agricultural production, by 30 percent. The country has constructed approximately 450 large-scale enterprises and several thousand of industrial projects have been modernized.

There has been a considerable rise in the material and cultural standard of living in our country. The real wages have increased by more than 50 percent, and real income, together with social payments, has increased by almost 75 percent. Nine million Poles, that is, more than one-fourth of the inhabitants of our country, have moved into new and well-equipped apartments.

There has been dynamic development in the economic and scientific-technical Polish-Soviet cooperation. It has been enriched by new forms and content, and has entered into a qualitatively new phase. In addition to the intensification of the division of labor, the deepening of specialization and the cooperation of production, which are carried out on a bilateral and multilateral basis within the framework of the Council for Mutual Economic Assistance, we, together with the Soviet Union and the other CEMA member countries, engaged in the construction of important projects in the national economy, such as the Soyuz Gas Pipeline, the Kiyembayevskiy Asbestos Mining and Refining Combine, and the Ust'-Ilimskiy Woodpulp Plant.

Powerful stimuli for the steadily expanding and steadily deepening, completely varied Polish-Soviet cooperation are provided by the regular meetings between the leaders of our parties and states -- L. I. Brezhnev and E. Gierek. At the present time, in conformity with a state of understanding which was achieved during such meetings in the Crimea, the work of drawing up a long-term program for the specialization and cooperation of production between the PPR and the USSR has been for the most part completed. That program will make it possible to use even more completely the advantages of the international socialist division of labor in the interests of the further growth of the economic and scientific-technical potential and the further increase in the effectiveness of social production in both countries.

Inspiring Prospects

The 8th PZPR Congress that was held in February 1980 summed up the results of the creative work that has been done and defined the party's tasks for the further building of socialist Poland and the raising of the standard of living of the Polish nation. The congress decisions set forth a broad program for the country's socioeconomic development in the next five-year period. During 1981-1985 it is planned to increase the national income by 14-18 percent; the volume of industrial production by 20-24 percent; and agricultural production by 12-13 percent. There will be a consistent continuation of the implementation of the party's social policy, which is aimed at raising the material and cultural standard of the nation. Special attention is being devoted to housing construction and to social security. Within the forthcoming five-year period it is planned to build 1.7 million apartments.

A major condition for the achievement of these inspiring but at the same time complicated tasks, as was noted at the 8th PZPR Congress, is the increasing of the effectiveness and quality of work.

In order to implement that program that has been advanced by the party, a program that has found the complete and universal support of the nation, we have all the opportunities that we need. Poland has at its disposal a powerful industrial potential, one that, to a large extent, has been renewed. A high technical and technological level has been achieved in many branches of the economy. Thanks to the tremendous capital investments which we made during the 1970's in the coal-mining, copper-mining, sulfur-mining, and other branches of the mining industry, there has been a noticeable improvement in the situation with regard to the supply of raw materials, although we have not yet achieved the necessary level. The country has a large army of young and educated workers, technicians, and engineers, and specialists in various areas of specialization.

Great opportunities are being opened up by the further intensification of the economic and scientific-technical cooperation with the Soviet Union and the other CEMA member countries.

The congress stated that the further reinforcement of the fraternal bonds of friendship and cooperation with the Soviet Union is an indissoluble principle in the foreign policy of the PZPR and the Polish socialist state, and the basic guarantee of the independence, sovereignty, security, and peace for our country.

In the message sent by Comrades E. Gierek, H. Jablonski, and E. Babiuch to Comrades L. I. Brezhnev and A. N. Kosygin on the occasion of the 35th anniversary of the Polish-Soviet treaty, it is noted that people's Poland will continue to do everything to deepen the unity of the fraternal socialist countries and to reinforce the political and defense organization, the Warsaw Pact, which will be celebrating its 25th anniversary in May.

"We attach primary importance," First Secretary of the PZPR Central Committee, E.Gierek emphasized in his speech at the congress, "to the deepening of the cooperation with the chief partner of the Polish People's Republic -- the Soviet Union. Our efforts will continue to be directed at expanding and strengthening our production and scientific-technical ties with the USSR."

During the past ten year there has been an almost quadrupling of the volume of commodity turnover between Poland and the USSR. Judging by the results of the first four years of the current five-year period, the volume of reciprocal Polish-Soviet trade during 1976-1980 will come to approximately 33 billion rubles. That means that the growth rates of commodity turnover will considerably exceed the planned indicators that were set down five years ago. It should be noted that the share of the USSR today is approximately 26 percent of the total Polish import and almost 30 percent of its export.

Poland is participating actively in the implementation of the Comprehensive Program for Socialist Economic Integration. A great amount of importance in the Polish People's Republic is being attached to long-term target programs of cooperation among the CEMA countries.

Poland is also developing economic relations with other states on the principles of equal rights and mutual benefit, seeing in this an important factor for detente.

In noting the 35th anniversary of the Treaty of Friendship, Cooperation, and Mutual Aid Between the Polish People's Republic and the USSR, we can say with pride that Polish-Soviet friendship and cooperation today are stronger than they have ever been.

The unbreakable union, the fraternal friendship and the cooperation between the Polish and Soviet nations have become a major component in the Poles' socialist patriotism. No one will ever be able to break these fraternal relations. They are our common property, the fruit of the carrying out of the ideas of the great Lenin.

Integration Continues

Moscow EKONOMICHESKAYA GAZETA in Russian No 22, May 80 p 20

[Article under rubric "CEMA: Integration in Action" by V. Sorokin, Candidate of Economic Sciences: "USSR-PPR: Deepening of Integrational Processes"]

[Text] On 7 May, after the completion of the Soviet-Polish negotiations which were held during an official visit of friendship to the USSR by member of the Politburo of the PZPR Central Committee, Chairman of the Council of Ministers of the Polish People's Republic [PPR] E. Babiuch, a long-term program for the development of specialization and cooperation between the USSR and the PPR for the period up to 1990 was signed. A state of understanding concerning the elaboration of that program was achieved during meetings between General Secretary of the CPSU Central Committee, Chairman of the Presidium of the USSR Supreme Soviet L. I. Brezhnev and First Secretary of the PZPR Central Committee E. Gierek.

The basic trends in the long-term program are discussed in the article that follows.

The long-term program for the specialization and cooperation of production between the USSR and the Polish People's Republic [PPR] for the period until 1990 is an important step on the path of the further expansion and improvement of economic cooperation, and the deepening of the integrational processes between both fraternal countries. The program, as stated in the joint communique dealing with the results of the Soviet-Polish negotiations, "sets down clear-cut prospects for deepening both the intrabranch and interbranch production ties."

Relying On What Has Been Achieved

The elaboration of the long-term program for the specialization and cooperation of production between the USSR and the PPR was carried out with a consideration of the results of the development of Soviet-Polish economic cooperation, the scope of which has been increasing with every passing year. Suffice it to state that during the past ten years alone the commodity turnover between both countries almost quadrupled and this year will reach approximately 8 billion rubles. In the reciprocal commodity exchange there has been a constant increase in the share of output produced on the basis of the specialization and cooperation of production. For example, in 1970 the share of that output in the overall volume of Soviet-Polish commodity turnover came to only 0.37 percent, but in 1979 it was already 17.2 percent. The overall volume of reciprocal shipments of specialized and cooperative output last year exceeded 1.3 billion rubles, including 1141.5 million rubles for machinery and equipment.

The reciprocal shipments of specialized output are carried out today on the basis of 58 multilateral and 20 bilateral agreements dealing with the specialization and cooperation of production. Among them one should name first of all the large-scale agreements dealing with production cooperation in motor-vehicle production, the production of mining equipment, looms, computer technology, road-building machinery and Il-86 aircraft. Cooperation of production at the part and assembly level will receive more and more development in machine-building.

The achievements in the development of Soviet-Polish cooperation were taken into consideration when elaborating the long-term program for the specialization and cooperation of production for the period up to 1990. The chief attention in the program is being devoted to improving the effectiveness of production in both countries.

In the program it is emphasized that the USSR and the PPR will unite their material resources and scientific-technical potentials for the joint resolution of major economic problems that have been computed over the long-term view, and will expand the mutually advantageous cooperation in the sphere of material production. That work will be carried out in close coordination with the implementation of the long-term target programs for cooperation among the CEMA member countries.

Chief Trends

One of the basic trends is the further deepening of the integrational ties between the USSR and the PPR in the area of science and technology. It is planned to conduct broad scientific-research and planning-and-designing projects for purposes of creating and introducing new highly-productive and less metal-consuming machinery and equipment, progressive technological process, the application of energy-saving technology that assures an increase in labor productivity, the reduction of waste products, a saving of materials, and elaboration, on the basis of unified standards, of components with a high degree of reliability. Provision has been made for cooperation in searching for new sources of energy, and in developing technology and equipment for obtaining gaseous and liquid fuel from coal. For that purpose the USSR and the PPR concluded in January 1980 an intergovernmental agreement governing the joint development of technology for the obtaining of liquid fuel from coal. The final goal of the joint research and experimental-design projects is the creation of a powerful production unit for the production of liquid products from coal.

Consultative sessions will be conducted, dealing with questions of planning scientific-technical progress and increasing the effectiveness of scientific developments. Provision has been made for increasing the effectiveness of such forms of scientific-technical cooperation as the joint work by collectives of scientists, specialists, scientific councils, planning-and-designing bureaus, and laboratories.

Planning agencies and branch ministries in both countries will work systematically on the more complete resolution of the problem of fuel, energy, and raw materials, primarily by assuring the more economical and more efficient use of the existing resources. The countries will proceed from the measures stipulated by the long-term target program for cooperation among the CEMA member countries in the area of energy, fuel, and raw materials. It is planned to unite, on terms of mutual advantage, the material, labor, and financial resources of both countries when constructing projects in the fuel and raw-materials branches, as well as the organization of inter-coordinated shipments of fuel, raw materials, chemical products, manufactured and edible commodities, and individual types of machinery and equipment. It is also possible that, in necessary instances, Polish construction organizations will be involved in the construction of individual projects on the territory of the USSR on a subcontract basis. In particular, it is proposed that Polish construction workers take part in the construction on the territory of the USSR of a number of nuclear power stations, enterprises to produce raw materials that contain iron, and also gas pipelines.

The USSR will take part in the implementation of the Wisla [Vistula] program that is so important for the PPR, the program involving the comprehensive regulation and use of the water in the drainage area of the Wisla River. There will also be further development of cooperation in the area of transportation, construction, agriculture, and light industry.

Production Cooperation

A great amount of importance is attached to the expansion and deepening of cooperation in machine-building by means of the organization of large-series production and reciprocal shipments of components, assemblies, and parts, the efficient division of production programs for the manufacture of complicated investment and component equipment. It is planned to expand the production cooperation in motor-vehicle construction, machine-tool construction, and the production of construction and road-building machinery. Steps will be taken to organize new cooperative ventures in the production of up-to-date mining and quarry, metallurgical, and nuclear equipment, machinery for the mining, transporting, and processing of petroleum and gas, and for urban transportation.

In conformity with the long-term program, the USSR will deepen and develop the specialization in the production of power-engineering, mining, and metallurgical equipment, road-building machinery, trucks, tractors, agricultural machinery, metallurgical and electrical-engineering equipment, instruments and articles in radio electronics, communications, everyday and computer technology, and aviation. In its turn, Poland will specialize in the production of ships, railroad rolling stock, road-building machinery, equipment for light and food industry, agricultural machinery, chemical, petrochemical, metal-processing, and mining equipment, articles of electrical technology, means of communication, instrument-building, radio electronics, aviation technology, and computers.

Special attention is devoted to the organization of the specialized production of new types of machinery and equipment, particularly for the chemical and petrochemical industry, loading and unloading operations, cutting tools made of superhard materials, manipulators, and heavy-duty mainline electric locomotives. There has been a substantial expansion of the production cooperation in the chemical industry. It is planned to carry out the coordination of capital investments, coordinated or joint expansion, and the modernization of the existing enterprises, the joint construction of enterprises on the territory of the USSR or the PPR for the production of equipment, assemblies, and parts. In particular, negotiations are under way with regard to the joint construction, on the territory of the USSR, of a plant for the production of shaft-sinking and drilling equipment, as well as a plant for the production of industrial rubber articles and parts made of plastics for mining machinery.

For purposes of implementing the long-term program, the ministries of the USSR and the PPR are developing subprograms for specialization and cooperation of production in their branches for the period up to 1990. Participating in this work on the Soviet side are 18 branch ministries, and on the Polish side, 7. The subprograms include specific measures for the deepening of intrabranch specialization and cooperation, the organization of the production of new machinery and equipment, the raising of the technical level of the output for which the specialization and cooperation are being conducted. Thus, the subprogram for the development of specialization and cooperation in tractor and agricultural machine-building stipulates that the Soviet side will specialize, for example, in the production of wheeled and caterpillar-tread tractors, self-propelled corn-harvesting combines, machinery for the cultivation of the soil. The Polish side will concentrate on the production of individual types of grain driers, machinery for the harvesting of potatoes, and for the preparation of the soil for sowing. Provision has also been made for the organizing of the production of new types of agricultural machinery and equipment, including wheeled tractors with a capacity of 170 horsepower, grain-harvesting combines with a capacity of 14 kilograms per second, and highly productive grain driers.

An important place in the subprograms is given to the specific projects for the reduction of import of machinery, assemblies, and semifinished goods from the capitalist countries on the basis of the organization of production cooperation between the USSR and the PPR.

The pledges linked with the implementation of the long-term program will be included in the national plans for the development of the national economy of both countries, in the protocols governing the coordination of the national-economic plans, in the long-term trade agreements, and the annual protocols governing the commodity turnover between the USSR and the PPR.

In the long-term program for specialization and cooperation of production between the PPR and the USSR there has been a new and brilliant manifestation of the political course of the CPSU and the PZPR, a course aimed at the complete reinforcement of the fraternal friendship and thorough cooperation between the Soviet Union and Poland. Its implementation will exert a substantial influence upon the further expansion and deepening of the Soviet-Polish economic cooperation, and will contribute to the resolution of the very important socioeconomic tasks of both countries during the period up to 1990.

Atomic Powerplant

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 7 Jun 80 p 3

[Article by Z. Bozhek, A. Polekhin, Slavuta-Moscow: "The Storks Are Changing Their Address"]

> [Text] The long-term program for the development of specialization and cooperation between the USSR and the PPR, which program was signed in early May, will contribute to the further deepening of the process of integration in the basic branches of the national economy of both fraternal countries. A special correspondent from the

newspaper SOTSIALISTICHESKAYA INDUSTRIYA, together with a correspondent from the Polish newspaper TRIBUNA RABOTNICZA in the USSR, recently visited a very important joint construction site -- the construction site at the Khmel'nitskaya Nuclear Power Station, which is being erected by the Soyuzatomenergostroy Association.

. . . For more than two hours our "UAZ-ik" [Soviet jeep] has been driving around on the bottom of the reservoir. Alternately forcing its way through clouds of sand as though we were on a real desert, then maneuvering its way around rotted trunks and stumps, and plowing through the swampy muck, it takes us to our goal. Soon everything -- the sand, the swamps, the villages that were deserted long ago -- will disappear completely beneath the water. A reservoir is being built here by the will of people and for their benefit. This artificial lake will be completely different from all its numerous counterparts. It is being born on a surface that is as flat as a table, and in order to prevent its surface from occupying too large an area, it was resolved to install the reservoir in an artificial pit, the rocks from which will be used to build the dam.

"This is one of the chief projects in the future energy giant -- the Khmel'nitskaya Nuclear Power Station," construction chief Ivan Malyuk tells us. "Our AES [nuclear power station] is a construction project involving socialist economic integration. In implementing the project, a considerable contribution, in conformity with an agreement signed in March 1979, is being made by a number of fraternal countries: the Soviet Union and Poland are carrying out operations at the station itself; Czechoslovakia and Hungary are participating in the shipments of the necessary equipment and materials. The first kilowatt-hours will be supplied to the customers from here in 1984."

Only one year has passed, but a lot has been done. It is physically impossible for a person to sense the scope of this stupendous construction undertaking. At moments like this, one wants to be way up there with the storks who are soaring in the sky, so that, with a bird's-eye view, one could take in with a single glance all the various parts of the future power station.

Yes, it's easy for the storks. As for us, we have to leave our bogged-down "UAZ-ik" and make our way on foot to the place where the future reactor room will be located. "It's a place that would bust the devil's back!" angrily exclaims one of the workers who have crowded around an excavator that is firmly stuck in the mud. Actually, from the point of view of the construction workers, this location is not very gratifying. But it is precisely in this choice that one can see the well-tested approach to the creation of such projects. The land that is intended for such use should be the most neglected land that does not have any economic value, that is situated far from inhabited places. However, the tremendous hulks of buildings will appear in these impenetrable swamps and the atomic heart of the power station will begin to beat. But in order for that event to occur, the construction workers must dig down by more than nine meters and, after reaching bedrock, put a foundation of many tons of reinforced concrete on top of it.

. . . Among the bronzed trunks of age-old pine trees, the frameworks of modern apartment buildings stand out in precise lines. Neat paths that have been paved with cement blocks lead to the approach roads. Green glades that have been sown with flowers seem to emphasize the basic idea of the designers of the future city, who organically linked the sections of the city with living nature.

"Our original settlers," Vladimir Zagorskiy says proudly, showing us the buildings. We met the chief engineer of the construction project at the approach road to one of the buildings. "Everything here is the first: the buildings, the roads, the stores -- even the children. You probably met them in their baby carriages as their mamas were taking them for a walk down the forest avenues. They are the indigenous inhabitants of Nuclear City [*atomograd*].

"Probably everyone who works here could be considered indigenous inhabitants," says engineer Jozef Kasianiuk, one of the leaders of the collective of Polish construction workers. He had come up to us and now joined the conversation. "Everything is being created from ground zero, from the roots up. And we're happy that, together with our Soviet associates, our Energopol Association is participating in the execution of such stupendous projects. The action plan, which has been thought out down to the smallest details, attests to the large amount of preliminary comprehensive preparation. In addition to comfortable apartment buildings, a complex has already been built, housing a self-service department store and a snack-bar/restaurant that a large industrial city could be proud of. And the school where more than a thousand children from Nuclear City and the surrounding villages will start on 1 September, and a combination nursery/kindergarten, and a hospital. . ."

At the intersections we saw all kinds of vehicles -- Soviet KamAZ's and KraAZ's, Czech Skodas, Polish (Yelchi) and (Stary) -- and heard Russian, Ukrainian, and Polish being spoken. House trailers were decorated with names in various languages, providing documentary proof concerning the large number of specialized organizations and collectives from the Soviet Union and Poland which are participating in such a large-scale construction project.

"There has been good cooperation among us from the very first days," Ivan Maliuk says. "The collective of Polish construction workers from the Energopol Association is growing from day to day, and many important projects are being assigned to it. They have been concentrated in the industrial zone. The projects are the erecting of the compressor room, the diesel-generator transformer substation, the laying of the sewer lines, the water main, the oil main, the building of the boiler room."

The rich experience acquired here at the construction of the Khmel'nitskaya Nuclear Power Station, and at similar stations -- the Smolenskaya and Kurskaya -- in the opinion of Soviet and Polish specialists will undoubtedly be used successfully when creating similar structures at the future Polish nuclear power station in Zarnowiec.

Four million kilowatts! That is the capacity of the Khmel'nitskaya nuclear power station. The energy created by the four units will be supplied to plants and construction sites in the Country of Soviets, and will travel along the 750,000-volt electrical transmission line from the atomic power station to Rzeszow and then to other fraternal countries. In particular, Poland, as a result of its share of participation in the construction in the nuclear giant, will receive by 1984 1.2 billion kilowatt-hours of energy, and from 1988 through 2003, 6 billion kilowatt-hours annually. Czechoslovakia and Hungary will receive energy in proportion to their contribution also. Thanks to the cooperation among the fraternal countries, stable and long-term shipments of electrical energy -- one of the scarcest types of energy in the world -- will be assured. It is in this mutually advantageous cooperation that one sees the profound sense of the integration, the unification of the efforts of the fraternal nations which are jointly resolving the basic problems of the further development of their economy.

. . . The storks are soaring high in the sky. Yes, that's the custom -- storks are already right alongside of people. So here, on the Goryn', in the land of storks, the birds have been accompanying man since the very beginning of construction. They have been observing the gradual growth down there on land of the industrial buildings and the apartment houses -- those human nests. And the storks are building their own homes right next to those nests. . .

5075
CSO: 1825

ROMANIA

GROWTH OF LABOR PRODUCTIVITY NECESSARY FOR CONSTRUCTION

Bucharest REVISTA ECONOMICA in Romanian No 23, 6 Jun 80 pp 14-15

/Article by Alin Teodorescu: "Requirements for Better Use of the Work Force in Construction"/

/Text/ The attention that our party devotes to housing construction is well known. A basic component in raising the standard of living of the people and an absolute priority in all of the construction with a social and cultural purpose, housing construction--whose percentage in the total of building-assembly work was 17.3 percent in 1978--has experienced constant development year by year. Thus, in comparison with 297,135 apartments achieved from the funds of the state and of the cooperative organizations and with the aid of the state during the 1966-1970 five-year period, 309,185 apartments were built during the next five-year period--1971-1975--while the plan for the current five-year period provides for the achievement of a larger number of apartments under conditions of greater comfort and urban equipping.

In this process, whose complexity is accentuated by the more and more severe restrictions that are appearing in the field of the consumption of energy and raw materials, there must be constant attention and a high spirit of thrift on the part of all the economic factors for providing the necessary resources--material, financial and human--for steadily performing the work.

The providing of manpower to the sites in the volume, the level of qualification and the structure according to trades constitutes a problem of major practical significance whose solution cannot always be achieved properly--a fact that is causing not only unsuitable use of the technical-material base in construction but also failure to fulfill the physical plan for apartments. How real is the manpower shortage in construction? Looking at the data contained in the table, one can easily see the big rise in the number of worker personnel, which, year by year, have incorporated new contingents of workers. In fact, even under the conditions of the rise in the degree of mechanization of the work, construction has the highest rate of growth of the volume of manpower utilized in the whole economy (in the

1975-1978 period, for example, the rise in the average number of worker personnel in this field was 473 percent, as compared with 382 percent in industry and 328 percent in the national economy). However, why does the volume of the work force on the sites sometimes seem insufficient in relation to the requirements? The distinguishing of the respective causes and the extraction of possible directions of action--these are the main objectives that we pursued during our investigation.

Table: The Growth of Indicators of Building-Assembly Activity

(1950 = 100)

Years:	1955	1960	1965	1970	1975	1976	1977	1978
Building-assembly production	240	389	600	10 times	14 times	15 times	16 times	17 times
Labor productivity	149	200	261	340	495	526	567	622
Investments	238	435	792	13 times	23 times	25 times	28 times	33 times
Employed population	210	213	293	390	421	428	444	473

We made an analysis of the resources and the utilization of the work force in urban construction in the municipality of Bucharest, synthesizing the results of a more extensive investigation made for several years under the auspices of the Sociology Laboratory of the IPCT /Design Institute for Model Construction/.

What the Causes That Generate Fluctuation Are

The main reference points capable of offering a real and subtle picture of the worker personnel employed in construction involves: their area of origin, the degree of stability, the level and structure of qualification, and the distribution of the work force according to trades. Concretely, of all worker personnel of the municipality of Bucharest, the percentage of those employed in construction represents 4 percent. Related to the total population of the city, a ratio of 1 construction worker to 46 inhabitants is obtained. Comparing these values to those established for some European metropolises--Berlin, Rome and Budapest--it can be seen that they are close to an average value. From this perspective, the conclusion according to which the level of employment of the population in construction may be optimum is justified.

Nonetheless, the 4 percent of the worker personnel of the municipality does not represent but approximately one-fourth of the work force utilized in carrying out housing construction in Bucharest.* Three-fourths is recruited from other zones--mainly from the demographic basin of Wallachia and partly from Moldavia. In our opinion, this state of affairs can constitute equally a cause and an effect of the manpower shortage that is appearing in construction. And here is why. By means of the relatively low level of qualification that has characterized these activities for a number of years, by means of the bigger and bigger volume of work and the practically unsatisfied demand for manpower, by means of the relatively stimulative pay and by means of the possibilities of having at the same site bigger "crews" of people coming from the same village or commune who preserve their group cohesion, the field of construction has constituted—and still constitutes—a means of integrating the new contingents of rural people into the city. However, the socioprofessional characteristic of this population is mobility: a) territorial mobility—commuting and fluctuation—and b) professional mobility—the reorientation of a part of the work force toward other trades or toward other urban activities after a certain period of probation performed in construction. It is evident that under these conditions the intensification of the concerns seeking to ensure the stability of the work force can contribute directly to the creation of the premises for better coverage of the need for personnel.

---

* The data collected in the statistical compilation for the first quarter of 1978 indicated a percentage of 73 percent for the nonlocal population.

A complete picture of the problem of providing the work force must also include, along with these overall characteristics, the specific phenomena that appear at the level of the production units, in fact those that are concretely feeling the personnel shortage. Investigations made under the auspices of the above-mentioned laboratory brought out the fact that the characteristic aspect of most construction sites is fluctuation of the workers. With some insignificant variations, the data obtained on an empirical level show that six hirings or even more are necessary in order to increase the number of personnel by one person.

An analysis of the flows of migration brought out certain significant trends. The largest proportion of the fluctuation—about 80 percent—affects the unskilled workers. A large part of the fluctuating personnel move among the construction units and to a certain degree, especially the skilled ones, toward other activities in industry or the tertiary sector. The return of a part of the work force to the residential zone is also found. This phenomenon, which has recently acquired new traits in the form of so-called "return migration," movement that includes personnel already stabilized in Bucharest—usually skilled or even highly skilled—involves a change in residence for the whole family and even for bigger groups of townsmen.

The different degree to which the trades practiced in construction are affected by a manpower shortage constitutes another conclusion that was drawn during our investigation. There is a rather long list of chronically short-handed trades. They involve particularly the trades that are practiced under difficult conditions, less skilled ones, ones that provide a lower income or ones that are connected strictly with the economy of the site and cannot be practiced otherwise.*

---

* Here is a graphic example: in practice, one finds a big discrepancy between the profession of mason and that of painter, the latter being much

Possibilities of Effective Action

From the perspective of the next five-year period, the providing of manpower poses new, complex problems. Under the conditions of further growth in the volume of work in the municipality of Bucharest, about 240,000 apartments will be built, according to the targets contained in the documents adopted at the 12th party congress. At the same time, the necessity of an absolute increase in the number of worker personnel utilized in construction is foreseen: according to some estimates, the volume of the new manpower integrated, at the level of 1985, will be 9,000 persons, including 90 percent workers. Under the above-mentioned conditions of fluctuation, the hiring of far more persons would thus be necessary in order to reach this level.

This state of affairs poses problems from a social viewpoint: a bigger and bigger volume of traffic, especially road traffic, becoming totally uneconomical under the conditions of the growth of the prices of hydrocarbons; the wasting of a large volume of social labor; the providing of permanent dwellings (dormitories) or temporary dwellings for this population; the accentuation of the shortage of workhands in agriculture; the rise in the pressure of food and services on the municipality of Bucharest; and so on. Moreover, in view of the smaller and smaller supply of manpower from the rural zones—a direct effect of industrializing these zones—there are reasons to believe that the present way of supplying manpower is no longer valid. To these elements are also added the provisions that seek a limitation on the growth of the capital, on its dimensions of personnel and area in ensuing years. How then would it be possible to conceive the providing of manpower in construction?

In our opinion, a bigger and bigger role devolves upon the municipality of Bucharest in itself meeting, to as great a degree as possible, the need for personnel. The economization of manpower through more and more marked growth in labor productivity constitutes a main direction in this framework, to which the higher party leadership had drawn attention countless times. In this regard, there still are significant reserves. Although it experienced marked growth during the last five-year period, the rise in labor productivity in construction is lower than that in industry--in comparison with a rise of 838 percent in industry during the 1950-1978 period, the same indicator experienced a rise of only 622 percent in building-assembly. It can be judged that it is not yet situated at the level of the technical conditions created in this significant branch of the economy. The main way to raise labor productivity consists of the decisive promotion of technical progress in all construction activities, the expansion of the mechanization of the work, the restriction of the work on the site to as great a degree as possible and the performance of it within specialized

---

more wanted. The causes are those that we mentioned: better working conditions (the work is done in enclosed spaces), lighter physical labor, means of expression off the site as well, and so on.

enterprises, but, at the same, better organization of the activity as well, pursuing the intensive use of the worktime and of the equipment on hand, the performance of the activities on the sites in such a way as to avoid lulls, tieups of equipment and personnel, and the useless, harmful shifting of them from one work front to another.

A special role, one that affects the better utilization itself of the technical-material base and the possibility of rapid and generalized introduction of technical progress, devolves upon the raising of the qualifications of the work force. The reduction of the percentage of unskilled labor, an action with positive effects equally on the duration and the quality of the work as well as on the level of the incomes of the workers, and the professional improvement of all categories of personnel also constitute, in fact, an efficient factor in stabilizing the workers. The problem of eliminating the discrepancies that exist between the different construction trades manifests itself with similar effects as and in close connection with raising the level of qualification. The providing of complex, multilateral training to all construction workers constitutes the most significant factor in this regard. Of course, polyqualification is a principle that must guide the educational and formative process in all fields of activity. In construction, however, this principle exhibits a special importance and practical applicability. On the one hand, knowledge of the trades practiced on a site by all members of a work formation would create the possibility of eliminating the discrepancies between the different trades and, on the other hand, it would permit full utilization of the manpower of the crew, in accordance with the succession of the phases and operations required by the activity as such, thus eliminating significant losses of worktime.

It can also be judged that, in the providing of manpower, the natural rise in the population could constitute a significant source.

According to some forecasts, a rise of about 70,000 persons in the total population of the city at the level of 1985 is estimated, and it is necessary to act so that a part of this rise is directed toward the field of construction.

Let us also mention, lastly. a number of other measures that could contribute to the stabilization of the work force, measures determined on the basis of the sociological surveys that we made. We have in mind, from this perspective, the necessity of providing an optimum psychosocial climate for new employees and the stimulation of group cohesion and team spirit; the improvement of working conditions; the improvement of social conditions; and so on.

12105
CSO: 2700

TECHNOLOGY TO INCREASE EFFICIENCY IN MACHINE BUILDING

Bucharest REVISTA ECONOMICA in Romanian No 23, 6 Jun 80 pp 6-7, 15

[Article by Ioan Hera Bucur, Sever Sontea and Vasile Boescu: "Modern Technologies--a Decisive Factor in the Reduction of Consumptions"]

[Text] At present, perhaps more than ever before, advanced technologies must be promoted on as wide a scale as possible in production, since the reduction of the material and energy consumptions per unit of product, the raising of labor productivity and the reduction of manufacturing costs depend on their level.

At the recent work conference in the RCP Central Committee, the problems concerning the promotion of advanced technologies, as a basic means of reducing the consumption of raw materials and energy, also occupied an important place in the discussions held. "In the main," Comrade Nicolae Ceausescu pointed out on this occasion, "we must advance on the basis of new technologies--and such technologies exist--that can lead in all fields to the reduction of the present consumptions per ton or per respective unit of product by up to 50 percent."

Elements for Choosing the Optimum Solution for Achieving the Product

A stimulus of technical progress in the economy, the machine-building industry must promote in all its sectors of activity technologies that permit the achievement of machines, equipment, installations and spare parts under conditions of high economic efficiency and competitiveness. Among them, the technologies based on the use of the modern procedures of casting, forging, heat treatments, stamping and so on reduce the volume of processing, increase the effectiveness with which the machines, materials and worktime are used, shorten the manufacturing cycle and lead to the substantial economization of material expenditures.

On the occasion of the work visit in this year to the Bucharest "23 August" Enterprise, when the situation of the steel foundry was also examined, Comrade Nicolae Ceausescu asked that in the hot sectors "action be taken to expand the mechanization and automation of the production processes in order to continually improve the working conditions so that they become workplaces that are well organized and as clean as possible in which each worker gladly works."

Although they have a significant role in dealing with the requirements of the machine-building industry, the hot sectors sometimes do not always satisfy the quantitative needs even from the viewpoint of costs, due to high material consumptions. This is why special attention is now being given to this sector, whose activity is closely connected with the efficient utilization of metal, the economization of important energy resources and the raising of the profitability of the enterprises.

The fact that the volume of castings and forgings represents over half of all of the metal used in the machine-building industry attests to the exceptional economic importance of expanding the advanced technologies in this sector. This is especially because the making of parts by means of such methods is more advantageous than making them from rolled metal. For example, mechanical processing for stamped and cast parts, in comparison with those made from rolled metal, costs about 70 percent less, from which there follows the economic importance of developing the hot sectors and improving the technologies used, so that they give to the parts preliminary forms as close as possible to the final geometric form and to the necessary dimensions. By means of this the metal losses are reduced considerably and savings of energy, fuel and manual labor are obtained. The calculations show, for instance, that 25,000 tons of rolled metal are saved and 2,500 workers and 1,500 cutting machine tools are made available if processing by cutting for 100,000 tons of metal is replaced with processing by forging and stamping.

Naturally, the percentage of the cost of hot metalworking in comparison with mechanical processing by cutting depends on the character of production. In machine building, where the mass character of production predominates and modern technologies like plastic deformation, precision casting and so on are used on a wide scale, the costs of mechanical processing are up to 3 times lower than in the subbranches where small series and unicums predominate. Thus, according to some calculations, the expenses needed for processing a ton of metal represent 45 units in the automobile and tractor industry, 51 units for equipment for the chemical industry and 117 units in the building of heavy, power and transport machinery.

The problem of the economization of materials and fuel, which has become extremely acute in our times, obliges the scientific research and technological engineering in the field of machine building to take into account to a greater degree, along with the generally known criteria that determine the optimum constructive variant of the products and of the processes for making them, the energy consumptions required by one solution or another. In many cases, they can even prevail over other elements, especially under the conditions of the fast rise from day to day in the price of fuel and energy on the world market, and, as a result, such factors as metal consumption and energy-intensiveness can lead to the revision or even the structural modification of concepts introduced over the years.

The Efficiency of the Advanced Procedures in Foundries

Our machine-building industry now possesses, in the case of the foundries, a certain specialisation of production, in accordance with which different technologies are applied. Thus, the Sinaia Machine Enterprise, "Aversa" and "Semanatoarea" in Bucharest, the Resita Machine Building Enterprise, the Brasov Truck Enterprise and other have expanded the making of a large number of parts by casting them in easily melted patterns (of wax). Having high efficiency, especially for small and very small parts with a complicated shape, the method has proved to be extremely economical for a varied range of products into whose composition parts made from steel and cast iron enter.

Certainly, the respective method exhibits great efficiency especially in the case when production is organised according to big series of components and parts of the same kind or according to families of parts with similar technological characteristics. It permits the obtaining of parts with clean surfaces that need only slight mechanical processing, the raising of quality and the reduction of rejects and raises the labor productivity 40-50 percent in comparison with the standard materials. But the reduction of the specific consumption of metal—which represents 25-40 percent of the weight of the parts in the semiproduct phase—constitutes the most important advantage. As a result, the cost of the parts made in this way is much lower (Table 1).

Table 1. The Cost of Stampings and of Castings

The name of the part	Stampings			Parts cast in easily melted patterns			The ratio between the cost of castings and of stampings		
	Total*	Including (in %)		Total*	Including (in %)		Total*	Including (in %)	
		Semiproduct	Mechanical processing		Semiproduct	Mechanical processing		Semiproduct	Mechanical processing
Brackets	0.69	51	49	0.24	60	40	34.5	41	28
Spring shoes	0.30	37	63	0.22	68	32	73	136	25
Eyelets	0.42	33	67	0.31	87	13	73	192	28.5
Lugs	0.81	62	38	0.40	65	35	50	52	45
Angle irons	0.47	94	6	0.17	77	23	36	30	126

* In conventional units.

Referring to the respective method, it must be said, however, that it has conditions for being more widely expanded. In fact, a number of units, such as especially those of the Industrial Central for Tractors and Agricultural Machinery (the Galati Machine Enterprise for Hydraulic Equipment, the Oradea Machine Enterprise, the Medgidia Machine Enterprise for Equipment, "Ceahlaul" in Piatra Neamt and even "Tractorul" in Brasov), possess such possibilities. Obviously, investment funds should not be consumed in all the units in order to procure specific installations for applying the respective method. However, it would be useful to inventory all the small parts and components, similar in terms of technology and shape, that have bigger series, in order to turn them over to the existing units for execution. The experience of the Machine Enterprise in Sibiu or of the "Aversa" Enterprise in Bucharest, which have found solutions meant to lead even to the overfulfillment of the projected capacity of the installations by means of rational employment, the sensible organization of labor, the raising of the qualifications of the personnel, and so on, should be used.

Casting in shell molds with binding materials of synthetic resins also has high efficiency. Through the achievement of a wide range of castings with the help of this procedure, high dimensional and geometric precision, minimum distortions and a clean form of the surfaces are provided to them, which reduces to the minimum or even excludes the necessity of mechanical processing (Table 2).

Table 2. The Efficiency of Casting Parts in Shells With Binding Materials of Synthetic Resins in Comparison With the Standard Procedure

Indicator	Casting in molds		
	Sand	Bakelite shells	3/2 (%)
1	2	3	4
Number of castings (thousands)	1,288	1,288	100
Production of parts (tons)	1,866	1,500	78
Number of workers	31	20	64.5
Cost of manual labor for casting (conventional units)	39.9	27.3	68.4
Cost of manual labor for mechanical processing (conventional units)	115.1	53.3	46.3
Cost of castings (conventional units)	278.2	310.2	111.1
Cost of parts in a finished condition (conventional units)	565.0	426.0	75.0

Although expansion of the procedure is hindered by the cost of the molding materials, nevertheless the rise in the dimensional precision of the parts and the reduction of the tooling allowances and of the general manufacturing expenses indicate its higher economic profitability, concretized in savings of manual labor and the reduction of the quantities of metal transformed into chips in the process of metalworking. Casting in shell molds reduces the cost of the cast steel or iron and, under certain conditions, raises the labor productivity by a few factors in comparison with casting in sand molds, where just the cost of the casting materials represents about 50 percent of the cost of the castings. At present, the method is used to make a large number of castings at the Truck Enterprise in Brasov, "Unirea" in Cluj, the Sibiu Machine Enterprise and so on. Through the wider expansion of this procedure (conditions for this exist in the majority of the big steel and iron foundries), large savings of metal and energy would be obtained and it would be possible to make parts and components with smaller tooling allowances.

The method of casting with molds reinforced with carbon dioxide is now used extensively in many units ("23 August" and "Grivita Rosie" in Bucharest, "Unio" in Satu Mare, the Truck Enterprise and "Tractorul" in Brasov, the Resita Machine Enterprise and so on). The effectiveness of the above-mentioned procedure lies in the rise in labor productivity and the drop in manufacturing expenses, due to the reduction of the time for preparing the cores by a factor of 4-5, and the elimination of the furnaces for drying them. At the same time, due to the fact that the respective procedure permits the replacement of organic binding materials (linseed oil, dextrin and spruce gum) with sodium silicates, having a price a few times lower, a big reduction in the production costs per ton of castings is also provided.

However, the attitude of other units, which, although they have conditions for introducing the respective procedure, are nonetheless acting slowly, cannot be justified. The fact that they cannot always be supplied with suitable binding materials and that some necessary materials are not available at the supply bases cannot hide their own deficiencies in organizing the activity in such a way that the new technologies are introduced and expanded.

We do not intend to present a report on the level of application of each particular method. What we want to point out is the fact that at the level of the ministry there must be systematic, thorough analyses of the way in which the advanced technologies in foundries are applied constantly, of the causes that still hinder their introduction and expansion, of the measures that are required (especially in supplying) so that they become current methods of work. Perhaps it may be necessary to increase the specialization of the steel and iron foundries so that they become suppliers of semiproducts not only for the unit to which they belong but also for the majority of those that need such semiproducts.

Utilization of the Reserves in the Forging Sectors

In its turn, the utilization of advanced technologies in the field of the forging of parts, too, provides great economic advantages. Thus, forging in dies, in comparison with free forging, permits a rise in labor productivity of between 70-90 percent and savings of 20-30 percent, by reducing the number of man-hours of processing, under the conditions of raising the quality of the products.

Years ago, forging in simple dies and in dies with many pieces underwent considerable expansion. It has now come to pass that over 50 percent of all of the good parts forged in the machine-building industry are made according to the above-mentioned procedures. The enterprises "23 August" and "Semanatoarea" in Bucharest, "Autocamioane" and "Tractorul" in Brasov, the Resita Machine Enterprise and so on have gained extensive experience in the field. Over the years, a number of new elements in applying the technologies of forging in dies (the elimination of repeated heating of the metal, the achievement of dies with many pieces, which permits the performance of two-three operations from a single heating, forging in dies without burrs, forging by rotary hammering, and so on) have been discovered in these units.

In view of the efficiency that these technologies, as well as others that have proved to be economical but are applied under limited conditions, represent, measures for expanding and generalizing them are necessary. Certainly, in these cases too, the size of the series of parts and the specialization of forging units and sections—a situation that permits the obtaining of high productivity and the reduction of material consumptions and, in general, of production costs—are of great importance. In this regard too, there are possibilities of extending the experience of the respective enterprises to all the units at which the production procedures are suitable and where the investments required do not become costly. Generally speaking, if a wider activity of unifying the parts that require treatments were undertaken, it would be possible to achieve the concentration of them in only a few units that possess suitable installations, which would result in significant savings at the level of the branch.

We feel that the present trend of developing the production in the machine-building industry according to modules is also favorable for a wider increase in the specialization of production in the field of the hot sectors—with wide possibilities of development of interplant cooperation. In fact, the necessity of maximum utilization of the existing capacities, the more rational management of metal and energy, and the economization of investment funds require this.

Fields Capable of Improvement

Some findings and proposals are drawn from an analysis of the situation in the hot sectors of the machine-building enterprises:

On the average, the equipping of the hot sectors in the majority of enterprises with technical resources is comparable to that existing in other industrialized countries. However, there must be greater concern for using the installed production potential, maintaining the existing technology, raising the degree of utilization of equipment, training the operational and maintenance personnel, making the spare parts and subassemblies in advance, repairing the equipment in minimum time, and so on.

A greater concentration of the production of castings and forgings and the achievement of optimum manufacturing series would permit the use of new technological procedures and of mechanized manufacturing lines whose high economic efficiency has been concretized at the foundries and forges for trucks and tractors in Brasov, the foundry at "Semanatoarea" in Bucharest, the foundry in Campina, the Enterprise for Chemical Equipment and Forged Parts in Rimnicu Vilcea, and so on.

In the conventional foundries, where the manufacturing series does not permit changes in the flows, the procedure of chill casting should be expanded and the standard procedures of sand casting should be improved. The parts cast from nonferrous alloys, able to be cast by pressure, should be concentrated in a limited number of enterprises.

The intensification and development of the research on and production of basic and auxiliary materials for foundries now represent one of the problems of primary importance for ensuring the quality of the castings (high-quality sands and binding materials that do not allow the cores to adhere to the metal). The production of these materials in the necessary quantities and qualities is of great topicality, since it not only affects the application of new technologies but also determines the normal operation itself of the production processes in foundries.

The technical inspection in the hot sectors should be intensified (both the interphasic one and the final one), resorting more boldly to nondestructive modern methods, which objectively show the compliance with the technological and quality instructions.

The enterprises should be required to organize their own repair shops for castings with defects, with the most suitable technological methods of reconditioning being established and with this activity being regulated by means of technical standards.

The expansion of powder metallurgy presents incontestable advantages for making parts like valves, bearings, rings, electric contacts and so on. For example, bronze bearings with the coefficient of utilization of metal of about 40-50 percent are currently being made in the nonferrous foundries. Made by means of powder metallurgy, the bearings will have a service life about 4-6 times longer, as a result of the effect of self-lubrication, and the coefficient of utilization should reach 90-95 percent.

12105
CSO: 2700

FIRST ELECTRONIC PROCESS COMPUTER IN OPERATION IN SAVINESTI

Bucharest SCINTEIA in Romanian 10 Jun 80 p 1

[Article by Constantin Blagovici: "The First Electronic Process Computer Conceived in Romania Has Begun Operation"]

[Text] A new prestigious success of the Romanian electronics industry has been achieved in the chemical platform of the Combine for Synthetic Fibers and Yarns in Savinesti: the entering into operation of the Felix C-32-P electronic process computer, the first of its kind conceived in Romania, achieved by the computer factory and the factory for automation elements in Bucharest. Nicolae Sandescu, chief engineer in the Savinesti combine, spoke to us about the functions and features of the new computer.

[Sandescu said] The first "beneficiary" of the computer is one of the installations for the production of lactam. The computer makes the technological process as effective as possible, which will lead to a reduced consumption of raw materials and energy. The Felix C-32-P is connected to more than 1,000 measurement, control and command points of the installation. It receives the data needed for the entire technological flow. It analyzes and processes the data and, on the basis of the results and the programs, gives orders for the proper corrections for the best possible operation. Also, by means of electronic display systems, it "reports" what it finds and states what orders it is carrying out, simultaneous with the registration of the data on the diagrams. In addition, it periodically gives reports on the total consumption of raw materials and thermal and electric energy.

Specialists in the computer center of the Ministry of the Chemical Industry and in the Automation Design Institute, along with specialists in the combine and the supplier factories, made a special contribution in installing the new electronic process computer and putting it into operation.

CSO: 2700

FINANCING OF SMEDEREVO IRONWORKS REMAINS CONTROVERSIAL

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1533, 18 May 80 pp 34-35

[Article by Dragan Jovanovic: "When Will the Giant Get on Its Feet"]

[Text] In the pauses between sessions of the assembly it has recently been possible to hear among delegates of the Assembly of Serbia and business executives last year's story about a director who went to the Constitutional Court of the Socialist Republic of Serbia because of the Law on Mandatory Pooling of Capital, which are intended largely for completion of the Smederevo Steel Mill. The director's petition, put simply, ran like this: Is it possible to adopt a law on mandatory pooling of capital? Or: can pooling be mandatory?

The law "on trial" was not declared unconstitutional for several reasons. At just about the same time a political official from Serbia interpreted this dilemma a bit differently: "Can the Executive Council always take the position of the Smederevo Metallurgical Combine? Or: dare the Executive Council become the workers' council of the Smederevo Steel Mill?"

Of course, the responses to all these questions are simple for even a schoolboy: neither can pooling in principle be done by administrative measures, nor should the Executive Council be anyone's workers' council. Nevertheless, a commission was formed in the Executive Council to monitor operation of the Smederevo Metallurgical Combine, and the pooling of capital for the largest investment project in the republic will still probably come under the protection of the law.

Nevertheless, what change was there this April in the corridors of the Assembly of Serbia, when the Smederevo Metallurgical Combine was on the agenda of the republic assembly for the umteenth time?

Exception to the Rule

The report on implementation of resolutions and on the size, forms and scheduling of the republic's participation in financing investment projects included in the Social Plan for Development of Serbia for last year and this year, which was before the delegates, was mainly devoted to the sickly "giant" in Smederevo. Marko Vlajkovic, deputy republic secretary for finance, emphasized that this year's investment program would primarily be covered by conclusion of self-management accords by associated labor, but that this year once again the Smederevo Metallurgical Combine would be an exception. That is, the republic would continue to help in the speediest completion of the first phase of the Smederevo Steel Mill by extending existing sources of financing and by finding new ones.

Is there a basis for renewing the "charge" which was at one time filed with the Constitutional Court, and if there is, why has this not been done in the sessions of the assembly? Why was the report prepared by the ministries under the Executive Council adopted unanimously, without a word of comment from the delegates?

The pooling of capital and conclusion of self-management accords have not, in short, been successful enough. This assessment is also stated in the report that was adopted, and probably the delegates were already aware of it. The commercial banks have not met their obligations to the Smederevo Metallurgical Combine in the amount of 3 billion, so that the indebtedness of the steel mill in Smederevo has increased by all of 4.4 billion dinars, and approximately that same amount of money should have been paid into the steel mill's account back last year. In past days there have been occasions for repeating certain unflattering words about the banks and ungenerous partners in cooperation with the Smederevo Metallurgical Combine, who look first to see how to turn over their dinar as fast and reliable as possible, instead of investing it uncertainly and over a long period of time in the blast furnaces at Smederevo, whose product for years has been losses.

This tacit lack of interest on the part of the economy and bankers in the fate of the Smederevo Metallurgical Combine did not start yesterday.

It was important last April that the Executive Council did not wish to play the role of the workers' council of the Smederevo Steel Mill, though like everyone else it dearly wished to put an end to the difficulties of the Smederevo Steel Mill. It is still apparently early to say when the "giant" will completely and confidently get on its feet, since steel mill experts say that the Smederevo Metallurgical Combine will become profitable only when the second phase of construction is also completed. And it would be unlikely for that to happen before 1985. Krsta Jovanovic, republic secretary for the economy, informed the Executive Council in early April that the equipment from the Soviet Union for the second phase had arrived on time, but that it is lying uninstalled in the open air in the large factory grounds and is threatened by corrosion. Just as no one can reliably state whether the steel mill which has been begun will be altogether completed by the end of the next 5-year plan, at this point one cannot even imagine how the necessary 15 million dinars will be collected. Either by "compulsory pooling of capital" or through other, self-management channels.

Everything According to Law

When the report we have mentioned for the assembly meetings was being prepared in the Executive Council there was talk about this almost fateful dilemma in the republic's development at one of the recent meetings. There is also indication of the extent to which the members of the council did not wish the report on investment difficulties to have "administrative" overtones that every word and sentence was measured in the proposed resolutions. Even in those resolutions referred to as "working" and "internal." Especially since the financing and further construction of the Smederevo Metallurgical Combine is to drag on into the next 5-year period, whose plan has not even been prepared in definitive form.

"I think we ought not to prejudice the matter by adopting the plan in advance and thus facing associated labor with a fait accompli, if we wish to work in the way that we have agreed. And we will see what happens; it will turn out as it must," is the view of Milovan Markovic, vice chairman of the Executive Council. "In the coming 5-year plan all our resolutions must be in accordance with the law on planning and what our assembly has adopted."

The fact that the people in the Executive Council do not intend to favor anyone, not even the Smederevo Metallurgical Combine, during debate on the new 5-year plan, confirms the commitment that "specific support" to the Smederevo Steel Mill would not be in accordance with the spirit of self-management planning. Finally, it was also said, what would happen if today or tomorrow some other giant like Bor, for example, (whose mine tunnels contain less and less copper ore) or Magnohrom should get into trouble; will everyone who stumbled look for a refuge behind the skirts of the "government"?

Especially since the large entities with privileged treatment often behave like "government" pets.

"Anyone who seeks a portion of the pooled capital and the aid of the government," Krsta Avramovic, vice chairman of the council, was to say, "must at least prepare some sort of documentation as soon as possible that will convince us that the intervention of society is required, and not leave us without prior documentation, as was the case with the ZTO or the Brotherhood-Unity Highway."

This must also apply to the Smederevo Metallurgical Combine. In other words, the signatories of the Self-Management Accord on Ferrous Metallurgy are supposed to agree and call upon the Executive Council to provide the funds that are lacking, rather than for the letter containing the requests for public money to be merely a "matter of the competent republic secretariats, the bank and the metallurgical combine," in the expectation that the Executive Council will "push through" all this in the republic assembly as well.

That is why Radoje Stefanovic, vice president of the council, (who, it can be said, also bears special responsibility for the difficulties of the Smederevo Metallurgical Combine) adds that it would be an offense to the delegates if they were not informed about what had happened in the Executive Council, but that "they should also know what we think as the executive organ of the assembly." And that awareness, put simply, runs like this: that alongside the process of self-management planning, we must still assume that there will be "intervention by the sociopolitical community."

"Compulsory pooling" of capital, which to some extent is a contradictory concept, will still remain our reality for a long time.

Finally, another law which could have two sides has been enacted. This is the law under which working organizations must in future set aside 20 percent of their reserves, instead of 6 percent, and pool them in the Republic Joint Reserves Fund. In raising their two fingers for the "mandatory pooling of capital" contained in that law, the delegates were certainly bearing in mind that the pooling of labor and capital and planning based on self-management will for a certain time yet go hand in hand with administrative measures and intervention by the "government." In spite of clear commitments as to principle, this is unfortunately a need imposed by the real situation.

7045
CSO: 2800

STATUS, REDUCTION OF FOOD IMPORTS DISCUSSED

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 26 Jun 80 p 5

[Article: "Rational Limits Are Possible for All Imports; How the Import of Agricultural and Food Products Might Be Reduced or Replaced"]

[Text] Over 3,681,000,000 dinars were spent for the import of coffee, cocoa, and spices in 1979, and this was about 15.8 percent of the total value of Yugoslav imports of agricultural and food products for 1979. The import of citrus fruits amounted to 260,046 tons in 1978, was increased to 266,879 tons last year, and for this year an import of 300,000 tons of citrus fruits is planned, which amounts to over 1,791,000,000 dinars. And according to an analysis by the Common Association of the Agricultural and Food Industry, if one is concerned with the first group of products the possibility of reducing imports to within rational limits must be considered (this export cannot be substituted).

The second group of products is especially interesting with regard to replacing imports with domestic production. Because natural possibilities exist in our country for the plantation production of oranges and mandarins, for example, in the delta of the Neretva River, in Dalmatia, and along the Montenegro coast. Until now, because of a lack of funds available for this matter, no significant results have been achieved. Now, because the import of citrus fruit takes up such a large amount of money, the possibility of speeding up the advancement of domestic production with the use of some of the money which would normally go for imported citrus fruits is being examined.

Products which are used to feed livestock are among the goods whose production from domestic resources cannot provide the necessary quantities and which therefore must be imported. Recently, imports of various kinds of livestock feed in bulk and in concentrated form have amounted to more than 260,000 tons valued at over 1,558,000,000 dinars (6.7 percent of the value of the total import of agricultural products). For this reason, the import of cattle fodder must be reduced to crushed soybean seeds, powdered meat products, fish meal, and additives. Moreover, the import of powdered meat products must be gradually reduced since the possibility exists for using domestic raw materials instead. In addition, we must eliminate the import of powdered milk, bran, molasses, crushed oil seeds, vitaminized cattle fodder, bone meal, hay, turnips, clover, straw, and other forms of cattle fodder, including corn. All of these foods can be produced in the country, but, together with production, the structure of the export of these goods must be regulated.

Domestic Aluminum Foil Instead of Imports

The problem of soybeans is especially interesting. The construction of a soybean refining plant in Zadar capable of processing about 360,000 tons in seed form is completely eliminating the need for importing oil and crushed soybean seeds, although the import of soybean seed is required. The year before last 214,571 tons were imported, last year the figure was 243,159 tons, while this year the import of 250,000 tons is planned. This is necessary because the production of soybeans in our country requires a certain amount of land, significant financial resources, and a certain amount of stimulation. An agreement concerning the development of agro-industry has set quite ambitious goals aimed at the suspension of the import of soybean seed, but these goals up to now have remained unrealized for the most part.

Among the group of products which have an agricultural origin but which are used in the leather and textile industry is rawhide, the domestic production of which satisfies only about 50 to 60 percent of the needs of the industry. Last year, 50,680 tons of various types of hides were imported with a value of 1,597,000,000 dinars (about 7 percent of the value of all agricultural imports). There is not much of a possibility of reducing imports in this area, although with a reduction in the export of live cattle (young calves) and with the improved mechanical processing of hides we might decrease import deliveries to some extent. The same thing can be said of domestic wool production. Every increase is connected with the growth of meat production.

Artificial intestines and aluminum foil and containers are being imported for use as packaging material by slaughterhouses and the rest of the food industry. However, the artificial casings with which the meat industry has been supplied exclusively by import are scheduled to be replaced by domestic products during this and the following year. I refer to the construction of facilities which are part of the Viskoza and Koteksprodukt plants in Novi Sad. The production of aluminum foil and containers for the canning industry (Omnial in Omis) is also being organized. One assumes, in other words, that a coalition of the labor and the resources of the producers and the consumers will come about.

The substitution of imported casein and caseinate by brewer's yeast and the replacement of powdered blood by animal blood are both possible. There is also the real hope that some domestic projects will master the production of caseinate from milk (Pioneer in Zupanja); albumen is already being produced from barley malt used for beer (Fabrika Aditiva in Paracin) in the quantity of 800-1,000 tons a year. Podravka is already producing powdered blood at a rate of 500 tons a year.

The Import of Grapes, Wine, and Brandy Is Inappropriate

A large part of imported agricultural and food products consists of articles which can be readily produced in our country in sufficient quantities. For only a few products out of this group (corn, meat, saltwater fish, eggs, honey, milk, vegetables, barley malt for beer, wine, and brandy) we paid out about 4,736,000,000 dinars last year. This makes up more than one-fifth of the total value of imported agricultural products. The greatest part of this was paid for the import of 1.1 million tons of grapes.

The import of wine, grapes, and alcoholic beverages unnecessarily burdens the balance of payments position of agroindustry. Last year 102.8 million dinars went for wine and brandy imports, which, considering the potential for domestic production, can be considered irrational. This means that, with the exception of items which might be necessary to the foreign visitor, the substitution of these imported products is quite possible. Saltwater fish (fresh and frozen), for which 308 million dinars were paid in 1979, is an important imported article. However, the problem of replacing this import with a domestic catch is the resources necessary for the acquisition of a modern fishing fleet.

One might conclude that most imported agricultural and food products could be replaced by domestic production. There are already visible results in this regard. The production of plants for industry, for example, has achieved a level which satisfies domestic needs and which is already providing a surplus this year, so that about 150,000 tons of sugar and about 60,000 tons of oil are available for export. With increased sugar production, a large quantity of molasses has been obtained, a product which had been imported up to now for the needs of denatured alcohol production, but which can now be discontinued as an import. We might also be able to eliminate barley malt for beer from the list of imports as long as we continue to increase its yield and improve its quality with greater intensity. In this sense, a self-management agreement for the advancement of production which has been signed by producers, the malt and beer industries, and research institutes might prove to be a motivating factor.

Finally, there is this observation: in order that the production results and the balance of payments position of agroindustry become more favorable, it is necessary that the organization and the income connections between primary production, processing, the purchase and turnover of agricultural and food products, as well as in the warehousing and storing of products materials, be at a desirable level. Moreover, the type of decisionmaking system which gives a stable economic position to the field is also necessary.

9548 END
CSO: 2800

END OF
FICHE
DATE FILMED

August 25 1980